



THE Business History REVIEW

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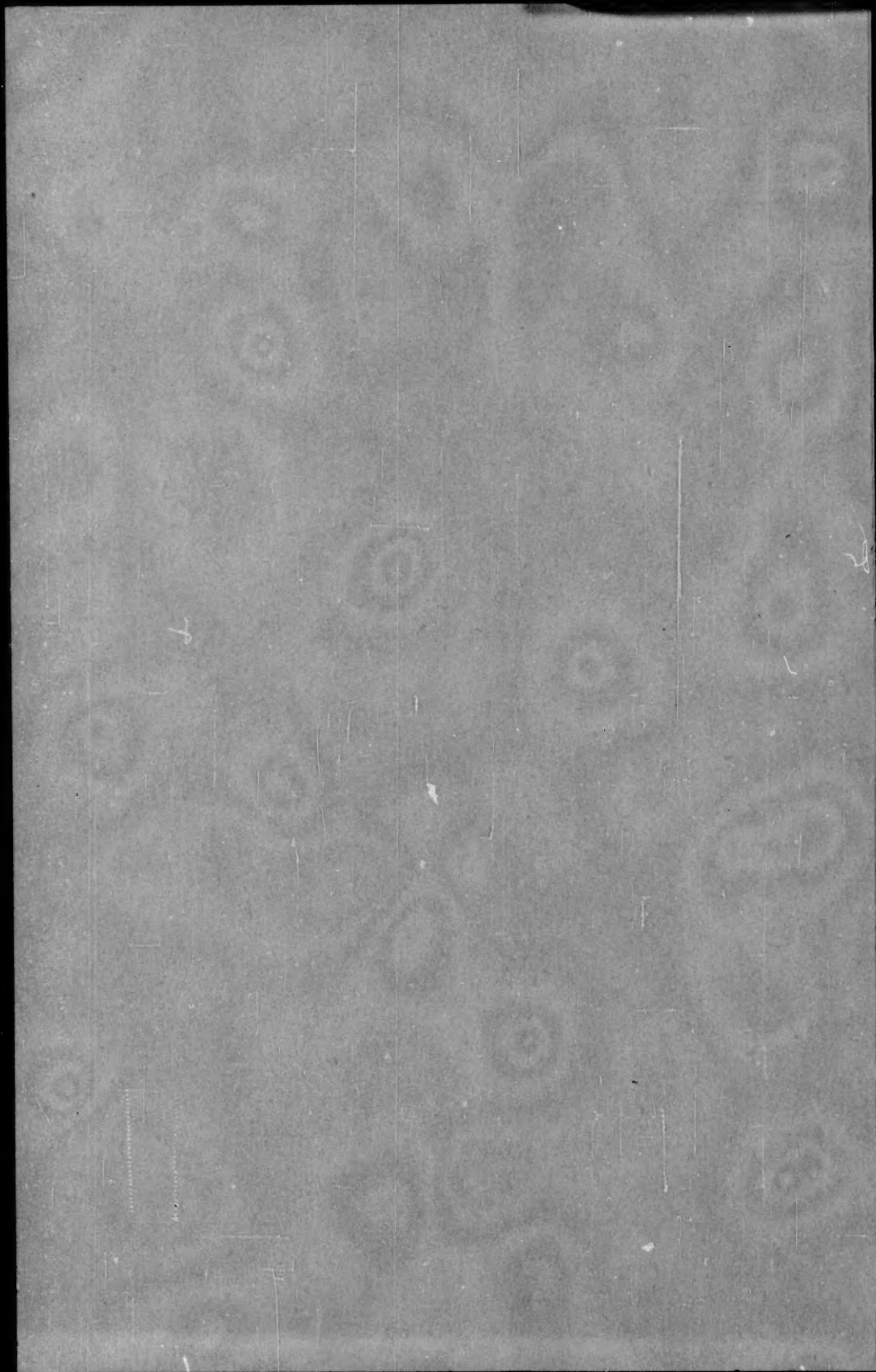
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By David Moment

DOCTORAL CANDIDATE

AT HARVARD GRADUATE SCHOOL OF BUSINESS
ADMINISTRATION

The Business of Whaling in America in the 1850's

¶ The glamor of the American whale fishery has tended to obscure its economic outlines and significance. For certain areas one of the first successful efforts at natural resources exploitation, the fisheries developed centers of highly specialized technical and administrative skills. Capital amassed in whaling was a far from inconsequential economic force when it was shifted into other channels of investment. The shifting process itself highlights the circumstances surrounding a dying industry and provides an example of variant national investment patterns.

INTRODUCTION

The adventure lore of American whaling has supplied the subject matter for stories, books, artwork, museums, individual collections, and antiquarian enthusiasts for over a hundred years. The most scholarly attempts at historical analysis of the industry have largely given way to the story-book appeal of the adventures of the whalers. Fortunately, this irresistible fascination with man's pursuit of the whale has led to the compilation of statistics and the preservation of original source data in manuscript form: ship's log books, agent's account books, diaries, and letters. One can piece together from these sources, as well as from the scores of adventure-centered books published, a dispassionate, descriptive analysis of what was going on, what these people were doing and why, in much

NOTE: Most of the original manuscript source material for this project was obtained from the Business Manuscript Collection of Baker Library at the Harvard Business School, with the help of Mr. Robert W. Lovett.

The balance was obtained from the Old Dartmouth Historical Society and Whaling Museum at New Bedford, with the assistance of Mr. F. Purrington, Curator, and Mr. Howard P. Nash, Jr.

The secondary sources listed in the footnotes and the bibliography can be found in Widener Library, Harvard University. A few of them are also in Baker Library, Harvard Business School.

the manner of an investment service report. Yet it is impossible to overlook the adventure. On the title page of an account book for the Ship *Ganges*, Voyage No. 3, March 5, 1836, to May 10, 1839, is the notation of the bookkeeper, "Capt. William P. Harris Ms. lost from the Boat the November following & Six others."¹ In Starbuck this incident is clarified further: "Captain Harris and boat's crew lost fast to a whale;"²

This kind of data carries with it the distinctive flavor of whaling; it covers the kind of incident which was elaborated upon in our literature, and at the same time it brings up the administrative problems of the industry. It was not unusual for captains to join the whale boat crews in the actual hunting and killing of the whales. But captains were scarce, valuable, and indispensable for a successful voyage.

The task of this commentary will be to focus upon the problems of administration and capital investment while describing the structure and operation of the whaling industry. Attention will be centered on New Bedford in the 1850's because there and at that time were concentrated a remarkably high degree of mercantile ability and administrative skill. American whaling reached its peak of activity in 1845-1846, but New Bedford continued to increase its whaling operations for another decade while other ports, such as Nantucket, were going downhill in their whaling activities (see Exhibit 1). New Bedford of the 50's was the most important single whaling port the world has ever seen.

THE ECONOMIC SIGNIFICANCE OF AMERICAN WHALING

The natural resources of America were inaccessible in colonial days because of the primitive state of technology, transportation, and communications. Holland and England had competed in developing whale fisheries, which, almost literally, brought in gold (and sterling) from the sea to strengthen home economies which were short on natural resources which could be exploited and exported. Thus, whales were any nation's natural resource. The early settlement of Quakers on Nantucket had only the sea to turn to for sustenance. Whales were directly off shore. From off-shore whaling

¹ Manuscript in Baker Library, Harvard Business School. See Bibliographical Notes at end of article.

² Alexander Starbuck, *History of the American Whale Fishery from Its Earliest Inception to the Year 1876* (Waltham, Massachusetts, 1878), 331. For a description of published sources, see Bibliographical Notes at end of article.

the Nantucketers ventured farther and farther out into the open seas after whales, eventually going around Cape Horn into the Pacific.

Nantucket developed into a port specializing in sperm whaling. Other New England ports likewise developed specialties: Provincetown went in for single-season Atlantic whaling in schooners known as "plum-pud'ners," so-called because of the ease of this kind of whaling in comparison with the three- or four-year Pacific voyages. Sag Harbor specialized in northern right whaling, New London and Stonington, Connecticut, specialized in Antarctic sea elephants and right whales.³ New Bedford went after profits; her ships sought the most profitable whaling grounds and diversified into various kinds of mixes of whaling.

During the period 1825 to 1875 American whalers virtually had the whaling grounds to themselves. Of an estimated 900 vessels of all nations engaged in whaling in the late 1840's, over 700 were American.³ World whaling together with American whaling declined to negligible proportions up until just before World War I. After that, the United States was inactive in whaling while Norway, Britain, and Japan proceeded to revive the industry to the point where, at present, several times as many whales are killed each year as were killed annually in the period from 1840 to 1850.⁴ In America's bigger year, 1845, 525,000 barrels of whale and sperm oil were produced.⁵ In 1954-1955 Antarctic whaling season, over 2 million barrels of oil were taken.⁶

The total value of whale products imported annually by the American whale fishery through the period of its greatest activity is shown graphically in Exhibit 2, along with the price variations of the three products concerned: sperm oil, whale oil, and whalebone. The volume of production, however, was more closely related to the data in Exhibit 1 on tonnage and number of vessels engaged in whaling than to value; the high values shown for the 1850's in Exhibit 2 reflect much higher prices than were obtainable during the previous decade.

Whaling was Massachusetts' fourth largest industry in 1860, and was probably in third place in 1850 and the 10 years previous, ac-

³ See Elmo Paul Hohman, *The American Whaleman, a Study of Life and Labor in the Whaling Industry* (New York, 1928).

⁴ See Karl Brandt, *Whale Oil, an Economic Analysis* (Stanford University, 1940).

⁵ Starbuck, *op. cit.*

⁶ *International Whaling Statistics*, XXXVI (The Committee for Whaling Statistics, Oslo), 1956.

according to the U. S. Census of those years (Exhibit 3). Estimates of direct employment on whaling vessels during this period run between 10,000 and 20,000 (crews would run between 20 and 35 men per vessel). Whaling does not, however, appear to have been of major importance in its over-all contribution to the nation's production, comprising about one per cent in 1850 and about one-half per cent in 1860 of total value added by manufacture. Nevertheless, the whaling industry represented the United States strongly in international activities (see Exhibit 4 showing the whaling grounds). Capital acquired from whaling did, of course, contribute to the growth of other American industries, such as shipping, cotton textiles, and railroads, as evidenced by the investments made by the wealthy New Bedford whaling merchants.

The noneconomic contributions made by American whalers may overshadow their commercial importance. The search for abundant whaling grounds led to discovery and exploration, especially in the Antarctic and South Pacific. Locating and cutting up the whales yielded knowledge to the field of marine biology. To literature whaling gave Herman Melville and *Moby Dick*. Americans first learned about the exotic culture of the South Pacific islands from their whalemen sons, who gave venereal disease to the South Pacific in return.

STRUCTURE AND OPERATION OF THE WHALING INDUSTRY IN THE MID-NINETEENTH CENTURY

Products

The principal products of the whale fishery were sperm oil, whale oil, and whalebone. Sperm oil was obtained from sperm whales, which are toothed whales, capable of biting and crushing large objects (including whaleboats, according to the records). Their oil is of a waxy nature, clean and bright burning and suitable as a fine lubricant. Spermaceti, the wax itself, was taken in almost pure wax form from the head of the whale (and thus called "head matter") and in the early days of American whaling was kept separate from the oil and yielded higher prices. It was used to make candles of a more luxurious nature and higher price than those made from tallow. Toward the middle of the nineteenth century head matter was sold along with the sperm oil, at the same prices. Spermaceti of a less valuable kind was also obtained by refining sperm oil.

The whalebone whales, of which the right whale types were

hunted by American whalers, yielded whale oil and whalebone. Whale oil, unlike sperm oil, is digestible and can be used as any other animal fat, such as in margarine or lard compound manufacture. However, data from the era of the American whalers indicates that whale oil was used at that time mainly for illumination and lubrication, although not as well adapted for either use as was sperm oil.

Whalebone was taken from the mouths of whalebone whales. It was in the form of hornlike slats, commonly 13 feet long and 10 inches wide, with coarse hairy edges. These slats, arranged like vertical venetian blinds in the mouth of the whale, served as a strainer mechanism by which the whale retained small sea creatures, squeezing the water out by means of its large tongue. Whalebone could be split into thin strips, it could be heated and formed, and would retain its form upon cooling, thus preceding plastics in its applications. It was used to make corset stays, umbrella ribs, hooks, whips, walking canes, etc. The hairy bristle was used for brushes and brooms.

The amount of oil and bone obtained from a whale depended upon its species, size, and health. Scammon reported a large sperm whale yielding 85 barrels of oil, bowheads (a large whalebone whale) yielding over 275 barrels of oil and 3,500 pounds of whalebone, and right whales averaging 130 barrels of oil and from 1,000 to 1,500 pounds of bone.⁷ Thus, a single sperm whale could be worth \$3,000 or more, a bowhead over \$5,000, and a right whale \$3,000. However, Scammon estimates that the sperm whales actually caught averaged only 25 barrels each, and the whalebone whales averaged 60 barrels each.

Markets

The whale products, upon arriving in New England ports, would be sold to agents or directly to oil factories. The agents would sell to oil factories, soap factories, or other agents. Exports of whale products, including crude whale oils, other fish oils (included in the available statistics), whalebone, spermaceti candles, and spermaceti had a total value ranging from \$1,800,000 to \$3,600,000 per year in the 1850's, or from about 20 per cent to 40 per cent of total production. This is the phase of the whaling industry about which the least

⁷ Charles M. Scammon, *The Marine Mammals of the North-western Coast of North America*, Described and Illustrated; Together with an Account of *The American Whale Fishery* (San Francisco, 1874). These barrels contained 31½ gallons.

information has been published, most authors choosing to end their studies with the oil on the wharves in New Bedford.

There were several oil factories in New Bedford; some were owned by whaling agents and ship owners. In 1889, nearly all the sperm oil brought to the United States was refined in New Bedford; this amounted to about 15,000 barrels of sperm, 12,000 barrels of whale, and 8,000 barrels of fish oil.⁸ The refining process involved heating, cooling, pressing, mixing, bleaching, and allowing the oil to settle. For some kinds of oil the refining process took two years. Various grades of oil were produced as well as candles and soap, and raw materials other than whale or fish oils were used. Some of these factories refined coal oils and one was a pioneer in petroleum refining, the aim in each instance being to produce cheaper illuminants than sperm or whale oil.

The end products of the oil factories included: cottonseed oils, paraffine wax candles, spermaceti candles, sperm and whale oil soap ("shipped to California, Florida, and other fruit growing sections, where it is employed in washing orange and other trees to protect them from the ravages of insects, and acts as a fertilizer . . ."),⁸ sperm oil compounded with cheaper oils to lubricate machinery, sperm oil for burning in lighthouses, whale oil for locomotive headlights, stearine (from whale oil) used in the mills as a yarn sizing and exported for smearing sheep before shearing, various oils used to make better grades of soap and as filling for leather, and oil for making oleomargarine. Sewing machine oil and clock oil were made by specialists, using sperm oil mixed with other oils.

Prices

Prices for crude sperm, whale, and bone varied widely, as may be seen in Exhibit 2. Demand was increasing during these years because industrial growth and urbanization were yielding larger markets for the products. Wars affected foreign markets for whale products, but supply seemed to be the most unpredictable variable. In some years the catch was poor, in other years new grounds would be discovered and large catches returned. Both the size of vessels and the length of voyages increased, which served to raise the fixed costs of whaling and at the same time lengthened the time lag between the start of the venture and the delivery of the products. In the 1850's and thereafter, whaling voyages might last as long as four

⁸ See Zeph W. Pease and George A. Hough, *New Bedford, Massachusetts, Its History, Industries, Institutions, and Attractions* (New Bedford, 1889).

years. Thus, good prices and profits in any one year would lead to overexpansion and an oversupply of products in following years. The ultimate decline of American whaling has been attributed not as much to market risks and decline as to increasing costs, labor difficulties, and disasters involving the simultaneous loss of large numbers of ships (the Confederate raiders, the "Stone Fleets" of whaleships sunk by the United States to blockade Charleston harbor during the Civil War, and the losses in the Arctic ice in the 1870's).

Related Activities

The statistics cited in Exhibit 3 do not include the many business enterprises and occupations which were supported by the whale fishery. Shipbuilding was the capital goods supplier of the whale industry. In 1854 the cost of new vessels was figured at \$60 per ton (a whaler would displace 300 to 500 tons), of which \$30 was value added above the cost of materials.⁹ To the vessel were added outfits for voyages which gave employ to coopers, carpenters, sail-makers, ropemakers, blacksmiths, and so on. Almost \$2,000,000 was spent in New Bedford in 1858 in fitting out the 65 ships which sailed that year. This amount covered food provisions, repair materials, whale boats, naval stores, tools, etc.¹⁰

The problem of recruiting crews led to the development of a system of shipping agents and outfitters, known as "landsharks." Shipping agents would deliver green men to the port from the big city factories or from small country towns. The local shipping master and/or outfitter would take over, paying the agent so much for each recruit who actually shipped out on a whaler, and a lesser amount for those who did not ship out. The outfitter would deliver the men upon requisition by the ship's agent, at no charge to the ship itself. But each man would be supplied by the outfitter with the apparel necessary for the voyage. After the vessel had sailed, the outfitter would bill the ship's agent for the man's outfit, priced very much above what the articles would have cost ashore. This amount would be paid by the ship agent to the outfitter and charged against the man's account. Thus, the seaman himself would pay for these recruiting services through the deduction of the outfitting bill from his earnings.¹¹

⁹ *Whalemen's Shipping List and Merchants' Transcript*, New Bedford, weekly, 1843-1914.

¹⁰ See Starbuck, *op. cit.*

¹¹ See Hohman, *op. cit.*, for a finely detailed account of these practices and others aimed at bilking the whalemen.

Production

The productive unit of the whale fishery was the whaling vessel, or, in a few cases, shore whaling stations. Since dead whales putrify rapidly, the problem is either to get the dead whales to the butchery quickly (a shore installation) or get the butcher shop to the site of the killing. Since much larger numbers of whales could be found in the open seas than close enough off shore to be accessible to a shore station, the pelagic whaling vessel was the base for most whaling operations. Some offshore whaling was done in the 1850's in California.¹²

The whaler was outfitted and provisioned, and a crew recruited for voyages of three or four years. The destination would be the whaling grounds in general: North Atlantic, South Atlantic, the Pacific from Antarctica to the Arctic and/or the coast of Japan, or the Indian Ocean (see Exhibit 4). A single voyage could cover any or all of the grounds. The goal was to fill the ship with as much oil and bone as she could hold before returning home. If a vessel had good hunting, she might transfer her cargo to merchant ships or less fortunate whalers bound for home, then continue whaling. She could re-provision as necessary at foreign ports, so that the practical limit on the length of voyage was established by the contract with the crew and by the master's endurance. Desertions and mutinies, of course, occasionally shortened the cruise, as did shipwrecks, encounters with cannibals, disease, and other hazards.

The details of the chase and the kill have been described in absorbing detail in many places and need not be repeated here. After a successful chase, the dead whale was towed back to the ship, there to have its blubber stripped off and boiled down into oil. These last two operations, cutting in and trying out, were performed almost immediately following the kill, and took about a day for each whale. The whale's body was secured, floating, alongside the ship underneath an out-rigged platform (the cutting-in stage), on which the men stood, cutting the whale by means of long-handled spades. The blubber was peeled off and the whale's body rotated, by means of hoisting tackle attached to the ship's spars and rigging. The long strips of blubber were hoisted to the deck, where they were cut into pieces, minced, and thrown into the try pots on deck to have the oil boiled out. Finally, the oil was cooled, put into casks, and stowed below.

¹² See Scammon, *op. cit.*

Cutting-in had its hazards, since it was often done in rough seas and storms. The platform became slippery with oil. The men who stood on the carcass itself during the operation had even more slippery footing. During the trying-out the ship's decks were usually awash with whale oil and blood and the men's clothing would become saturated. The whaleman thus was considerably more than a seaman or fisherman. He performed seaman's duties in the conduct of the ship. But he was also a hunter, butcher, and factory hand.

Technological Changes

In most respects the methods and tools used in American whaling changed little from the early nineteenth century to the last whaling voyages in sailing ships in the 1920's. The equipment and layout of the vessels and boats, the roles of the individual members of the crew, and the methods used became standardized to the point of becoming traditional.¹³

Vessels increased in size to between 400 and 500 tons, and a few even larger. The largest whaler in American service was the *Ship Sea*, 807 tons, of Warren, Rhode Island, in service from 1851 to 1855.¹⁴ Ship rigs were often changed to bark rigs (the square rigged yards and sails on the mizzenmast being replaced by fore-and-aft sails) for increased maneuverability and decreased man-power requirements. Hull designs in the 50's and later tended to have sharper, clipper-ship lines compared with the blunt, boxy bows of the earlier whalers.

In the 50's whaling guns and bombs started to come into use. In their earliest application, the whales were still harpooned by hand, the bomb gun being used only for the kill. Later, the darting gun combined the hand harpoon with the bomb lance in an attempt to kill the whale immediately upon its being harpooned. These uses of explosives were accelerated by, and made possible, Arctic whaling, where long pursuits of harpooned whales among the pieces of floating ice were often impossible. On other whaling grounds hand lancing was still practiced until the 1870's or 1880's.¹⁵

The English started using steam-powered whaling vessels in 1857.¹⁶ With the exception of late experiments with steam power for Arctic whaling, the American whalers stayed with sail.

¹³ The best description of whaling's sacred objects, rites, and rituals is in Melville's *Moby Dick*.

¹⁴ See Starbuck, *op. cit.*

¹⁵ See Walter S. Tower, *A History of the American Whale Fishery* (Philadelphia, 1907).

¹⁶ *Ibid.*

Communications

The *Whalemens' Shipping List and Merchant's Transcript*, published weekly in New Bedford from 1843 to 1914, was the media of whaling information and communication. Its most important feature was a list of all known American whaling vessels, their size, home port, master, agents, sailing date, destination, and last report; where, when, and how much oil on board. This list would inform owners of the progress of their ventures, on the progress of competitors, and give an idea of the magnitude of the forthcoming oil and bone supply. Relatives of the crew could also learn of the ship's progress. Letters from the ships were also published giving details of storms, deaths at sea, other ships seen and talked to, desertions, mutinies, wrecks, and so forth. Current market prices of oil, bone, provisions, whaling craft (harpoons, boats, cutting spades, and so on), and some securities (Wamsutta, local banks, local railroads, and others) were listed weekly. Arrivals and returns (amount and value of oil and bone) were listed to date for the year, as were the vessels and cargoes scheduled to arrive during the year. Month and year-to-date total returns were listed, with comparisons to the same date of the preceding year.

The *Shipping List* carried much advertising: home remedies, books about women's problems, and announcements of entertainment houses, as well as listing a large number of merchants, brokers, and agents, local and foreign. The advertisements for whaling gear (such as Greener's Harpoon Gun) were lengthy and consisted mostly of the testimonials of sea captains.

One page was devoted to editorials and news related to the whale fishery. Here useful information was presented, usually in the form of a letter from a ship master or news items from other newspapers, foreign and domestic. These would touch on such subjects as the war in Europe (1854), Perry in Japan, and increases in insurance claims because of a large number of shipwrecks. On April 4, 1854, there was a report of a trial in Honolulu, information "touching the authority of a shipmaster over his men." On April 25, 1854: "Trouble on Board a Whaleship." The captain, "unsettled in his mind," shot his mate. Much space in the 1850's was devoted to episodes of this nature, as labor problems were serious and the legal rights of captains and crew members were often in doubt.

The whalers themselves also performed a communication service, consisting in the 1850's of from 100 to over 200 vessels returning to

New England ports each year and a total of 400 to 500 at sea. Whenever ships met, outward or inward bound, they would exchange mail and information. Ports where the vessels called to pick up fresh provisions also served as mailboxes for dropping off and picking up mail.

FINANCIAL AND ADMINISTRATIVE FUNCTIONS

Ownership of a whaler was commonly spread among several people in the form of fractional partnerships. Agents, who were usually also part owners, helped finance the voyages, and transacted and supervised the business of provisioning and manning the vessel as well as selling the products returned. The agents also mailed instructions to ships on the seas, and received communications as to their progress and problems.

It is difficult to find among the records preserved comprehensive statements of the financial outcome of individual voyages. One set of such statements in the Business Manuscript collection of Baker Library covers several voyages of the Ship *Milton* and Bark *Callao*, Taber, Gordon and Company, Agents, from 1862 to 1889. A description of the documents and an example will serve to indicate the relationships which existed between owners, agents, ship's officers, crew, and other parties to the venture.

Five statements covered the financial aspects of the voyage. First was an account of advances to the officers and crew, covering cash advances and the payment of outfitter's bills by the agent. On the *Callao's* accounts for the outfit of 1871 (voyage from July 15, 1871, to September 22, 1875), the total charged to the crew's accounts was \$3,788, but only \$3,610 was charged to the owners, the difference being a 5 per cent discount on the outfitter's bills which served as an addition to the owners' profits.

The second statement was the owners' ledger account for outfitting the vessel prior to sailing. This account charged the owners with all the costs of putting provisions and supplies on the vessel and for the advances to the crew, plus interest to the day of closing the account and the agent's commission on outfits. On the *Callao* 1871 account, the agent's commission was 2½ per cent and came to \$813, and the total debits were \$33,472. Interest charges and credits were figured at 6 per cent per year.

The owners were credited with the proceeds of the sale of used materials sold off the ship following her last arrival, plus interest to the closing date. This account for the *Callao*, was closed out on

July 31, 1871, the last day of the month during which she sailed. The closing entry was the proportional allocation to the owners, which also went into the owners' individual accounts with the agent.

The third document was a Statement of the Amount of the Voyage, which listed proceeds from the sale of the whale oil and bone and deducted charges including freight on products shipped home, insurance, warehousing, and the agent's commission for guarantee of the sales. For the *Callao*, the commission was figured at 15 per cent and amounted to \$831. Insurance was 2½ per cent. Interest on owners' balances from the time cargo sales commenced to the date of closing the books (January 19, 1876) was added to the proceeds, as was freight revenue received for goods brought home for another ship. The net total of this voyage account of the *Callao* was \$38,910.

A fourth statement was the estimated amount due crew members who were not settled with at the end of the voyage, possibly because they were discharged or died without proper settlement. For other voyages, special statements were included to account for settlements under special circumstances, such as the captain getting a bonus in oil.

The last document was the owners' ledger account for expenses and income after the sailing date. The additional charges to the owners of the *Callao* included the captain's drafts for provisions in foreign ports (\$1,900), miscellaneous unloading and repair charges, payments to the crew in settlement of their accounts (\$5,154), and the agent's commission on sales, freight, etc. (1 per cent, or \$203), and interest expense incurred by the agent after the sailing date.

The credits to the owners' ledger consisted of the balance of the Amount of the Voyage account and proceeds from the sale of foreign currency brought home in the ship. The owners' ledger was closed with proportional adjustments to the individual owners' accounts. To determine the profit of the venture to the owners, these credits can be compared with the outfitting charges:

OWNER AND HIS FRACTION		CHARGED	CREDIT	NET LOSS
		TO OWNERS JULY 31, 1871	TO OWNERS JAN. 19, 1876	
Henry Taber	8/32	\$ 8,068.90	\$ 6,368.70	\$1,700.20
Joseph Brownell	6/32	6,051.68	4,776.53	1,275.15
Edward Howland	2/32	2,017.22	1,592.18	425.04
Wm. J. Rotch	2/32	2,017.22	1,592.18	425.04
Ben'j. S. Rotch	2/32	2,017.22	1,592.18	425.04
Estate John Hunt	2/32	2,017.22	1,592.18	425.04
Estate P. Tillinghast	2/32	2,017.22	1,592.18	425.04

Allen T. Whitney	2/32	2,017.22	1,592.18	425.04
Wm. G. Taber	2/32	2,017.22	1,592.18	425.04
Wm. Gordon, Jr.	2/32	2,017.22	1,592.18	425.04
Caleb O. Hamblin	1/32	1,008.62	796.08	212.54
C. B. & F. Macy	1/32	1,008.62	796.08	212.54
		<u>\$32,275.58</u>	<u>\$25,474.83</u>	<u>\$6,800.75</u>

The net loss of \$6,800.75 does not take into account any interest charge on the \$32,275.58 invested at the start of the voyage and tied up in the venture over the ensuing four-and-one-half years. If interest at 6 per cent per year were charged on the individual accounts for the duration of the voyage, it would have totaled over \$8,000.

Those owners who were probably also partners in the agency (the Tabers and Gordon) showed a total loss (exclusive of interest) of \$2,550 on this venture, but the agent's commissions had totaled \$1,847. Many agents also served as chandlers or ship outfitters and hence made profits on the sale of outfits to the ship. Thus, as agents, outfitters, and owners, Taber, Gordon and Company could have broken even on this voyage.

THE CAPTAIN'S ROLE

Because of the slowness of communications and the wide variety of situations which were met during a voyage, the captain carried tremendous responsibility and exercised broad authority. Once away from the home port, he was the decision-maker for the venture. Owners or agents would send him letters, which took as long as six months to reach the vessel, if they reached her at all, advising of conditions at home and abroad (prices, amounts of products being reported by other ships, wars, where other vessels were catching whales, and so on), thus giving him information upon which he could base his decisions. The owner would urge more production, second-guess the captain's past decisions, and make suggestions for further action. The text of such a letter is presented in Exhibit 5.

In Starbuck's tables of sailings and results remarks are included after most of the entries. A tally of the numbers of certain kinds of drastic incidents covering the 203 whaling vessels which sailed from American ports in 1850 yields the following results: 14 vessels were wrecked or lost at sea, 3 more condemned at foreign ports; 8 ship captains died, were killed, or were lost with their ships, and 5 ships

returned home before completing their voyages because of the captain's illness; one captain left his ship (deserted?); and there are several remarks on first and second mates being killed and entire boat crews lost. Besides representing a chronicle of adventure, these statistics were reflected in the agents' and owners' account books.

THE CREWS' ACCOUNTS

In return for his services, the whaleman was given a lay, a fractional part of the proceeds from the voyage. The captain received about $1/12$ to $1/16$, the mates $1/20$ to $1/25$, boatsteerers $1/75$ to $1/90$, skilled hands $1/50$ to $1/100$, and green hands, about $1/200$. The entire crews' share came to about 30 per cent of the total proceeds, the balance going to the owners to cover outfitting costs and profits. Examination of the crews' account books gives an insight into the changes taking place in the kind of men who shipped aboard whalers and the measures taken by the agents and captains to compensate for the increasingly poor quality of the crews. Whether the decrease in quality of personnel led to the harsh measures, or whether the methods of the captains, agents, and landsharks led to the poor quality was a question probably debated endlessly by the owners and agents, who were good church goers and givers, and the various missionaries for improving the working man's lot. The weight of official and popular literature has been on the whaleman's side, and from even the briefest study of crews' accounts around the 50's and later it is clear that the agents' and captains' practices could not possibly improve the character of their crews.

These accounts were apparently kept by the agent, although the entries indicate that some records were to be kept by the captain. Each voyage's account started with a list of the original crew and the lays agreed upon. This would be followed by a tally of the contents of the casks unloaded from the ship upon her arrival, as well as a record of products shipped home during the voyage. A statement of the gross proceeds of the voyage was made up listing to whom the products were sold and at what prices. From this figure charges related to loading and unloading the ship, pilotage, gauging, wharfage, freight on products shipped home, and the agent's commission for selling the oil would be deducted to yield the net proceeds, to which the lay fraction would be applied to arrive at each crewman's earnings. The account book would then list the accounts of each crew member; the original crew plus those shipped on in

foreign ports to replace men who had deserted, were discharged, were "left,"¹⁷ or who died on the voyage.

CONDITIONS REFLECTED IN THE CREWS' ACCOUNT BOOKS

The account book of the Ship *George Howland*¹⁸ covers all of the ship's voyages except her last, which started in 1866 and ended when she was abandoned in the Arctic ice in 1871, one of 34 vessels lost in a major disaster to the American whaling industry. The account book covers a total of eight voyages, commencing in December, 1834, the year the ship was built.

Another crews' account book, from the Ship *Golconda*,¹⁹ covers seven voyages from 1827 to 1851. The *Golconda* was owned and managed by the same agents as the *George Howland*, George and Matthew Howland of New Bedford.

Some data from both sets of accounts are listed, with remarks, in Table I. These data clearly illustrate the increasing length of voyages and the increasing number of desertions and discharges after 1830. On the original crew lists the lays total about 30 per cent. As desertions increased, the actual crew earnings decreased as a per cent of the net amount, although this is offset to some extent by the owners' loss of the cash and outfit advances on the deserters. (Some details of the *George Howland's* sixth voyage are presented in Exhibit 6 A, B, and C, to indicate the consequences of desertions and discharges, as well as some of the charges made by the agents on the individual crew member's accounts.) To compensate for these losses, the interest charge on the remaining crew members' advances was raised to 40 per cent; on early nineteenth-century crew lists, however, no interest was charged on advances. Many of the cash advances made at foreign ports were debited to the man's account as "advance plus premium," so that he could have been charged with \$10 for an actual advance of \$7 or \$8 or less, and then 40 per cent interest would be figured on the \$10 charge.

As the length of the voyages increased, the proceeds of the Voyage Account did not increase proportionately, even though prices were gradually rising. Two explanations are possible: poor catches because the older whaling grounds were being depleted, or decreased

¹⁷ The entry "left" means that the man either missed the boat's sailing from a port or was intentionally marooned by the captain. The latter was more likely the case near the end of the voyage.

¹⁸ Business manuscript in Baker Library, Harvard Business School.

¹⁹ Manuscript at The Old Dartmouth Historical Society and Whaling Museum, New Bedford.

TABLE I
VOYAGE DATA: SHIPS *Golconda* and *George Howland*

SHIP <i>GOLCONDA</i> , 331 tons			SHIP <i>GEORGE HOWLAND</i> , 374 tons			REMARKS
Date of arrival	Length of voyage	Net amount of voyage	Date of arrival	Length of voyage	Net amount of voyage	
7/16/29	24 mo.	\$40,971	—	—	—	(Original crews numbered 28 to 30 men) Lays 30% of net amount. Almost entire crew returned.
9/5/32	35 mo.	62,184	—	—	—	Lays 29%.
11/5/35	35 mo.	63,813	—	—	—	6 deserters, 2 deaths, 1 man "put on shore for shooting at the captain."
—	—	—	1/13/38	37 mo.	\$70,477	Lays 26%, 7 deserters. 25% interest charged on advances to crew.
3/27/39	34½ mo.	51,752	—	—	—	—
—	—	—	10/21/41	42 mo.	58,890	—
6/17/43	42 mo.	24,966	—	—	—	Only 9 men of original crew settled accounts (returned home).
—	—	—	11/28/45	42 mo.	65,054	7 deserted, 5 discharged, 1 died, 1 lost, 10 replacements taken on.
6/-/47	45 mo.	44,845	—	—	—	—
—	—	—	12/-/49	42 mo.	49,827	10 deserted, 2 discharged.
4/2/51	44 mo.	45,814	—	—	—	20 men deserted or discharged. <i>Golconda</i> completed 2 voyages after this. Captured and burned by Confederate vessel <i>Florida</i> in 1864.
—	—	—	10/29/52	26 mo.	9,443	Settled at home with 6 of original crew. On this voyage she was seized by convicts at Gallipagos Islands, recaptured by a Swedish Frigate. The crew escaped the convicts and scattered over several islands.

—	—	—	5/8/57	53 mo.	54,545	Settled with 9 of original crew, but only 6 returned home. 40% interest and insurance charged on advances.
—	—	—	7/20/61	45 mo.	55,180	Lay figured 21%.
—	—	—	4/16/66	46 mo.	219,604	18 deserted or discharged. Exceptionally profitable voyage: 364 bbl. sperm, 3,985 bbl. whale, and 48,800 lb. bone. Much of this was shipped home. Prices were very high.
Total, 7 voyages						
Crew settlements	\$334,345			Total, 8 voyages	\$583,020	
Owners' credits	83,645			(Estimated at 25%) *	145,020	
Outfitting	\$250,700			Outfitting	\$438,000	
((\$25,000/voyage) *	175,000			((\$35,000/voyage) *	280,000	
Estimated Earnings	\$ 75,700			Estimated Earnings	\$158,000	

* Estimates made by the writer, based on records for comparable periods.

efficiency of operations because of short crews, or both. During this time, the cost of outfitting was increasing, averaging about \$31,000 before sailing in 1858. In contrast to this, the *Ship Ganges* outfitted for less than \$18,000 in 1836.²⁰ Additional provisioning during voyages in the 50's could add \$5,000 to \$10,000 in charges to the owners.²¹ Thus, with an outfitting cost of \$35,000 or more and the crews' shares running about 25 per cent, a Voyage Account balance of at least \$47,000 would be required to break even, without contributing toward the original investment in the vessel.

The initial cost of a new vessel was about \$25,000 to \$40,000, depending on the size and type of outfits (whaleboats, try-pots, etc.) included in the cost of the vessel.²² However, used vessels sold at auction for less than \$10,000 in the 50's, according to notices in *The Whalemens' Shipping List*. The profit estimates based on the records of the *Ships Golconda* and *George Howland* indicate annual earnings over the lives of these vessels in the magnitude of \$3,000 to \$5,000. On original costs of about \$25,000, these profits would yield an investor's return of about 13 per cent to 21 per cent over 30 years. In some known cases the proceeds of a single voyage paid for the ship and outfitting and left a balance besides, especially if the ship had been purchased used. The *George Howland's* eighth voyage, with net proceeds of almost \$220,000 probably yielded over \$100,000 to the owners above the outfitting costs.

There are no aggregate profits records for the American whaling industry. The much-storied cases of high profits are offset by the disasters and the records of poor years. Starbuck reports that 44 out of 68 vessels expected home in New Bedford in 1858 were figured to make losing voyages, and the estimated loss to owners that year was over \$1,000,000. The consensus of various sources' opinions on whaling profits is merely that they fluctuated widely.

The crew's account book of the *Ship George Howland* lists the parties to whom the products were sold. These included the captain of the ship, occasionally an agent identified as being from New York, and the "candle house," which was probably George Howland's oil and candle factory. Most of the products were sold to New Bedford merchants, some of the same names appearing on the accounts of several voyages, indicating continuing buyer-sup-

²⁰ Manuscript in Baker Library.

²¹ One of Matthew Howland's letters to Capt. Pomeroy of the *George Howland* on her seventh voyage expresses irritation at the captain's draft for \$4,800 for provisions in the Pacific.

²² See Hohman, *op. cit.*

plier relationships. These names are those of the prominent merchant and whaling families of New Bedford.

THE WHALING FAMILIES OF NEW BEDFORD

Some measure of the profits of whaling and its related enterprises is provided by the family fortunes built in New Bedford. In a search for more data on George Howland's whaling vessels in *Ship Registers of New Bedford, Massachusetts*,²³ over 100 different Howlands were found listed as either ship owners or captains in the period 1796 to 1850. A lithographed color poster entitled "Private Signals of the Whaling Vessels & C. Belonging to the Port of New Bedford," published by Charles Taber & Co., dealers in charts and nautical instruments, in 1857, lists 104 agents covering over 400 vessels. Of these agents, seven were Howlands who owned and/or managed over 50 vessels. George Howland (1781-1852) and his sons George, Jr., and Matthew, were owners of various fractions of 27 vessels from 1800 to 1875, of which at least 15 were whalers. From 1830 to 1875 they had from four to nine vessels out on whaling voyages at all times. The ultimate fates of their 15 whalers were representative of much of whaling adventurelore: one, the *Ann Alexander*, was sunk by a whale; three were wrecked or lost at sea; two were burned by their own crews; one was destroyed by a Confederate raider in 1864; five were abandoned in the Arctic ice in the 70's, and only three were still afloat in 1876, one of which had been in service since 1810. The service life of these Howland vessels ran from less than one year to over 65 years.

Howlands were active in whaling, oil factories, banks, cotton textiles, politics, and one went into petroleum refining at its earliest stages, no doubt considerably upsetting his whaling relatives. George left a fortune of over \$1,000,000. According to a family biographical sketch on the Howlands,²⁴ "Some forty-six of its citizens possessing fortunes of between \$100,000 and \$200,000 sixty years ago, in 1852, were millionaires at the time of their death."

Other family names likewise appear repeatedly among the lists of owners, agents, captains, bankers, and merchants: Rotch, Delano, Bourne, Grinnell, Taber, Nye, Ricketson, Tucker, to mention a few of them. The records of the 50's often show the same individual

²³ A three-volume W.P.A. survey examined at the Old Dartmouth Historical Society and Whaling Museum in New Bedford.

²⁴ In *Representative Men and Old Families of Southeastern Massachusetts*, Vol. 1 (Chicago, 1922).

active in several pursuits. George Howland, besides being a whaling owner and agent, owned an oil factory, was president and director of the Bedford Commercial Bank, and was an original stock subscriber of the Old Colony Railroad.

How would business historians describe these whaling entrepreneurs? They were mercantile capitalists in that they were heavily engaged in trade and merchandise dealings and kept their accounts in a manner appropriate to these activities. They were also diversified industrial capitalists, owning and controlling fixed productive assets: ships, wharves, and factories. Their financial activities were auxiliary to these other pursuits. The directors of the New Bedford banks founded in the early nineteenth century were predominantly whaling merchants; likewise, these same men organized marine insurance companies. The directorates of the several banks and insurance companies were interlocked with the same individuals and families.

Papers from the estate of William Howland²⁵ show holdings of personal notes from New Bedford people, bank stocks, shares in ships, real estate, and railroad stocks. Of the original subscription to the Old Colony Railroad, 2,505 shares were taken in New Bedford by 205 persons, compared with 266 shares subscribed in Boston and 230 in New York.²⁶ In the last third of the nineteenth century, New Bedford was also very active in cotton textile production, the mills being organized and financed by many of these same whaling families.

The initial financing and operating results for Wamsutta Mills, New Bedford's first textile mill, in 1846-1847 are indicative of the nature of investment opportunities in New Bedford. Three hundred thousand dollars was originally sought, but only \$160,000 was actually raised. "At that time the whale fishery was at the height of its prosperity. Every one who had money to invest sought for opportunities to join with some favorite agent in the numerous vessels that were being added to the fleet. The profits were large and very certain, and the entire prosperity of the place had grown out of it. . . . The general sentiments of the citizens were in opposition to the introduction of manufactures by incorporated companies, and preferred those conducted by individual capital and enterprise, and such as were in connection with the whaling and shipping inter-

²⁵ Business manuscript in Baker Library.

²⁶ See L. B. Ellis, *History of New Bedford* (New Bedford, 1892).

ests."²⁷ However, in 1849 Wamsutta's capitalization was increased to \$300,000; in 1855 to \$600,000; and in 1860 to \$1,000,000.²⁸ By the 1880's New Bedford ranked as New England's fourth most active city in cotton textiles.

CONCLUSION

The major effort of New Bedford whaling in the 1850's was the exploitation of the Arctic whaling grounds, with bowhead whales as the most sought-after prize because of the large amount of oil and bone yielded by this kind of whale. This pursuit ultimately led to the "last straw" of American whaling, when, in the 70's, whole fleets of whalers who lingered too long in the Arctic were frozen in and crushed by the ice.

The news items in the *Whalemen's Shipping List* in the 1850's indicate something of the environment of the times. Clipper ships were making record-breaking runs to Europe and the Orient (New Bedford was involved in the clipper ship trade as well as whaling), steamboats were arriving in New York with news for the whaling agents long before their own ships would return, and new railroads were being built. The war in Europe in 1854 (not yet identified in the press as the Crimean War) was accused of hurting the whaling business, letters from California described the conditions of trade there and tried to discourage the movement of Eastern people and money to the West, and the depression of 1857 was thoroughly bemoaned. Cheaper substitutes for whale oil as an illuminant were discussed; coal oil distillates were making headway.

Reports of mutinies and murders aboard the whalers indicated the depths to which the labor situation had sunk. And the drilling of the first oil well in Pennsylvania in 1859 foretold the doom of the whale oil lamp. Under such conditions, railroads and textile mills began to look much better as investments than did whaling voyages. Yet many of the whaling capitalists stayed with the fisheries for a time, reinvesting in new whaling ventures the proceeds from insurance on wrecked vessels.²⁹ Matthew and George Howland, Jr., bought into four vessels between 1865 and 1872, replacing current losses, but three of these four were abandoned in the Arctic by

²⁷ *Ibid.*

²⁸ See Pease & Hough, *op. cit.*

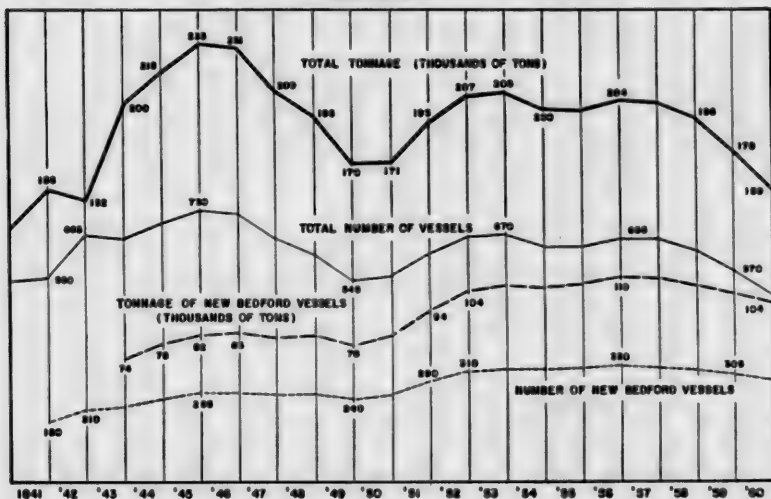
²⁹ Although the members of crews who returned home were charged for "interest and insurance," they never did share in the proceeds from the insurance on wrecked vessels.

1876. The Ship *St. George* was purchased in 1872 after three Howland ships were destroyed in the Arctic in 1871, yet she perished in the same manner in 1876.

The reasons behind the final withdrawal of American capital from whaling throw light both on the unique role of New Bedford in the 1850's and on the continuance down to the present day of whale fisheries in certain other nations.

New Bedford had no geographic advantage over any other port in the United States as a whaling center. Yet it came to surpass and outlast its smaller rivals, in part at least because men with capital and men who knew whaling became concentrated there. Success bred success and mercantile capitalists bred more merchants. Other ports, such as Boston and New York, had more capital and greater mercantile activity but supported little whaling, presumably because there were better investment opportunities in other directions. This, in time, became true of New Bedford as well. The same industrial growth that initially supplied markets and profits for whaling activity ultimately yielded opportunities more attractive than whaling to local capital. Those nations most active in twentieth-century whaling — Norway, Great Britain, and Japan — are relatively poor in natural resources. To them, as to Nantucket in the eighteenth century and to New Bedford in the nineteenth, whaling presents a chance for profit that even today compares favorably with available alternatives.

EXHIBIT 1
TONNAGE & NUMBER OF VESSELS ENGAGED IN THE WHALE FISHERY
NEW BEDFORD AND TOTAL U.S.
1840 - 1880



SOURCE: STARBUCK, HISTORY OF THE AMERICAN WHALE FISHERY.

EXHIBIT 2
AVERAGE YEARLY PRICES OF WHALE PRODUCTS

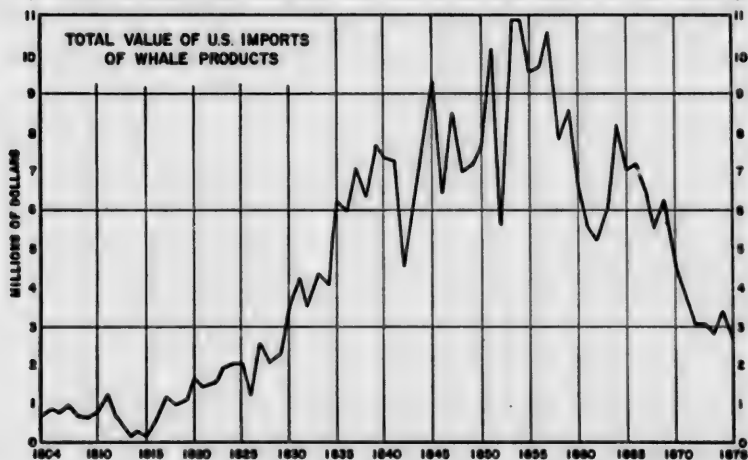
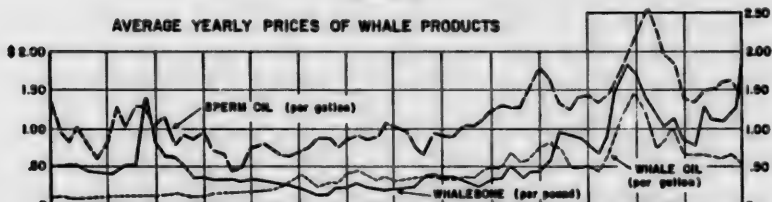


EXHIBIT 3
MANUFACTURES IN 1850 AND 1860
(In Millions of Dollars and Thousands of People Employed)

	1850 ^b			1860 ^c		
	Value Added ^a	Capital Invested	Number Employed	Value Added ^a	Capital Invested	Number Employed
MASSACHUSETTS:						
Boots and Shoes	Not Available		—	23.5	9.0	62.3
Cotton Goods	8.4	28.5	28.7	20.1	32.7	37.1
Woolen Goods	4.1	9.1	11.2	7.0	8.5	12.4
Whale Fishery & Oil Factories	4.8 ^d	12.7 ^d	11.0	4.9	13.7	11.3
Leather	Not Available			3.6	4.2	3.0
Paper	"	"		2.9	3.5	
Furniture	"	"		2.7	1.9	
Men's Clothing	"	"		2.7	1.5	
Total, above industries				67.4	75.0	
TOTAL MASS. MANUFACTURES	65.2	83.4	166.0	120.4	132.8	217.4
TOTAL NEW ENGLAND MANUFACTURES	121.6	158.1	298.3	223.1	257.5	391.8
TOTAL UNITED STATES MANUFACTURES	458.6	527.2	945.0	854.3	1,009.9	1,311.2
WHALE FISHERY & OIL FACTORIES, TOTAL						
FOR NEW ENGLAND & UNITED STATES	6.4 ^d	15.7 ^d	13.0 ^d	5.5	14.5	12.3

^a Total value of production less cost of purchased materials.

^b From *Compendium of the Seventh Census* (1850), except where otherwise noted.

^c From *Manufactures of the United States in 1860*.

^d Estimates made by the writer from data in Starbuck compared to 1860 Census figures.

EXHIBIT 4
WHALING GROUNDS - ABOUT 1880
FROM A CHART BY A.H. CLARK
FOR THE REPORT ON WHALE FISHERIES



REDRAWN FROM CHART AT THE OLD DARTMOUTH HISTORICAL SOCIETY AND WHALING MUSEUM, NEW BEDFORD
AND REPRODUCED THROUGH COURTESY OF MR. F. PURRINGTON, CURATOR

EXHIBIT 5

TEXT OF A LETTER FROM AN OWNER-AGENT (MATTHEW HOWLAND)
TO THE CAPTAIN OF ONE OF HIS SHIPS.

NOTE: The letter below was taken from *Matthew Howland Letter Book 1858-1879*, a business manuscript in the Baker Library collection. Captain Pomeroy was master of the Ship *George Howland* on this voyage to the Pacific. He sailed from New Bedford on October 14, 1857, and arrived home July 11, 1861, with 2,226 barrels of whale oil, having shipped home 58 bbl. sperm oil, 902 bbl. whale oil, and 19,216 lbs. whalebone. The proceeds of the voyage to crew and owners amounted to about \$55,000. This information comes from Starbuck and the account book of the ship, which is also in Baker Library.

Capt. G. P. Pomeroy

New Bedford 12 mo 15th 1858

Respected friend,

Although I wrote a long letter last summer on various subjects, I thought I would write again a few lines to say that we received thy letter dated "July 27th" at Honolulu reporting the Kodiak grounds a failure as far as you and some other ships were concerned, though it was not to some ships — as there was quite a number took from 600 bbls to 1500 bbls of Oil — By the last Accounts there had 100 ships arrived at the Islands from the North averaging 515 bbls so that, if you had 300 bbls good, you were *not much* behind — not so much, at any rate, as was supposed at first — Well, I have reason to believe, that it was perhaps, the wisest course to pursue, when you found that the Kodiak season was over, to proceed immediately to New Zealand, in order to have the benefit of *the whole* season on that ground — though if you had concluded to have gone to the Arctic, after the Kodiak season, I think you would have done well, as a number of ships got 700 to 1000 bbls of Oil there, after the middle of August.

We were much disappointed in your changing your course last year or season and going to Kodiak instead of the Ochotsk, as was expected when the ship left here — but I am in hopes you will get a *good cut* at New Zealand, and be reported into the islands in the Spring with 800 bbls of Oil. It was unfortunate for us, that all the ships we had North this year, which was *four*, should go to the Kodiak and the Arctic — *not one* to the Ochotsk — from present appearances, *all of them* did not take more than 10 or 1200 bbls of Oil, which is rather discouraging — but we will hope for better success next time — We hope another year they will spread their chances a little, not all go to one place.

I believe I have as much or more faith in the Ochotsk for Whaling than any other place North & hope you will conclude to think it is best to go there and the only way to get oil is to work the ship into that sea all that is possible — Capt. Wm. Allen who belongs in Connecticut and has been master of several ships to the Ochotsk during 2 or 3 seasons previous to the last and has always 2000 to 2400 bbls a season — he sailed from here last October, Master of the clipper ship Onward and I have very little doubt he will have 1800 to 2000 bbls of oil at the end of the next season — I think it would be a good idea to endeavor to keep in his company.

I have no doubt I said quite enough in my last letter about expenses — but do try and make them as low as possible, as that is our only hope of making money this voyage — considering the present price of oil & bone — Send us a list of Articles that will be needed after another cruise North and we will send them out.

There is not much else I can say, my brother has gone "South" this winter with his Wife and Son, George Henry — the latter having been raising blood from his Lungs and is considered in a critical state — the last account they were in Florida.

The price of Whale Oil *here now is 53 to 54 cts* — sperm oil 125¢ — Bone from 90¢ to 110¢

Edward S. Taber unites with me in kind regards to thyself — also to Mate & 2d mate whom I presume are good officers & Whalemens — who is 3d mate now — and are all the Boatstealers *good*.

Hoping and believing the next Accounts will be more favorable I remain

Very Truly & Respectfully
Matthew Howland

EXHIBIT 6 A

SHIP *George Howland*
Computation of Net Amount

(Of her sixth voyage, to the Pacific and Northwest Coast, from Nov. 28, 1853, to May 8, 1857, gone 4 years 5 months 10 days.) Taken from the ship's account book in Baker Library.

Settlement of ship voyage arrived 5 mo 8th 1857.		
35191 gallons of Whale Oil		23866.95
19104½ ditto of Sperm Oil 120¢		22925.40
Nett Sales 6072 lbs. of Whalebone sent home	2284.67	
Interest to end of voyage	265.25	2549.90
Nett Sales 9640 lbs. of Whalebone sent home	3632.21	
Interest on do. to end of voyage	458.55	4090.76
233 galls of Blackfish Oil Sold on voyage		116.50
Amount of Freight on Oil & Bone brought home		1987.73
		<u>\$55537.24</u>
Charges		
Pilotage 38/16 Gauging 34/46 Watching 0/0 —	72.62	
Wharfage 68/92 Filling up Cargo 15/ .	83.92	
Commission & Guarantee on Whale Oil	835.34	991.88
		<u>54545.36</u>

EXHIBIT 6 B

SHIP *George Howland*
EXAMPLES OF CREWS' ACCOUNTS
(6th voyage)

Dr Capt. David C. Wight (1/13 lay)

1852		
11 mo	To doctors box	2.
	" Amot his Note from 6 mo 21st 1852 on Interest	243.50

1857

6 mo 11	"	Amot Interest on above Note	81.84
	"	Cash paid him the Balance	6554.56
			<u>\$6881.90</u>

Contra

Cr

By	Amot his voyage in Ship <i>George Howland</i>	4195.79
"	Amount allowed him in oil	443.
"	Amot Balance his A/C with ship	2213.11 ^a
"	Amount allowed him on Boy	30.
		<u>\$6881.90</u>

Dr. Hugh McPhee (1/130 lay)

1852

11 mo	To fitting ship 10/. disch'g ship 7/.	17.
	" cleaning ship 1/ doctors box 2/	3.
	" per Amot his order to J. & W. R. Wing for	\$85.14
	40 interest & Insurance	<u>34.05</u>
		119.19

1857

5 mo	"	Slop Bill 163/28 less 30/25 is 133/03	133.03 ^b
" " 29	"	Cash paid him the balance	155.02
		(signature) Hugh McPhee	<u>\$427.24</u>

Contra

Cr

By	Amot his voyage in Ship <i>Geo. Howland</i>	427.24
----	---	--------

^a This figure could be profits on slop chest sales or trading in foreign ports, or a bonus.^b The "Slop chest" was the ship's store of seamen's clothing and supplies, usually charged against the man at 100% mark-up on cost.

EXHIBIT 6 C

SHIP *George Howland*

SUMMARY OF CHARGES AND PAYMENTS MADE TO CREW

(6th voyage)

Original crew list	30 men
Added on voyage (6 on monthly wages of \$18, 2 on lays)	<u>8</u>
Total number of accounts	38
Accounts not settled (men deserted, discharged, or left)	<u>21</u>
Settled accounts	17
Settled accounts for partial voyages (1st & 3rd mates, 2nd mate promoted to 1st, later discharged)	<u>3</u>
Men returned home with ship	14
Less: men added on voyage	<u>8</u>
Number of original crew who returned home	<u>6</u>
Total "earnings" of crew: lays or wages credited to accounts which were settled	\$11,352.63

Less: Charges against settled accounts:		
Fitting, discharging, and cleaning ship, and doctors box	\$111.90	
Interest and Insurance	874.20	
Slop chest	1970.29	
		2,956.39
Final cash payments on settled accounts		\$8,396.24
Captain's allowances above his lay		2,686.11
Total "earned" cash payments to crew		\$11,082.35
Total cash paid out to crew, including advances and outfitters bills for crew members not settled with		13,227.56
Amount lost on deserters: "unearned" pay		\$ 2,145.21

BIBLIOGRAPHICAL NOTES

I. *Published Sources*

Alexander Starbuck, *History of the American Whale Fishery from Its Earliest Inception to the Year 1876* (Waltham, Mass., 1878), serves as a statistical abstract of the whaling industry to 1876. His first 167 pages present a history and description of American whaling in an interesting but disorganized manner, with most of his attention given to the spectacular, unusual, dangerous, and adventurous aspects. The balance of the 779 pages presents a wealth of detailed statistics. He lists, year by year and port by port, from 1715 through 1876, every voyage of every whaling vessel, as best he could from available data. These listings are spiced by remarks about unusual happenings on the voyages: wrecks, deaths, etc. He also summarizes imports, exports, and average prices by years, as well the number and tonnage of vessels registered at the various ports. An "Index to Voyages by Vessels' Names" allows one to trace the activities of specific vessels.

Charles M. Scammon, *The Marine Mammals of the North-western Coast of North America* (San Francisco, 1874), features beautifully detailed engravings of whales, whaling scenes, and whaling implements. His point of view is that of a marine biologist whaling captain, combining a scientific approach with a basic, illustrated, how-to-do-it manual on whaling.

The *Whalemens' Shipping List* has been described in the text. Its weekly shipping list supplied much of the data tabulated by Starbuck. Three volumes (12, 13, 14; 3/7/54 to 3/11/56) are available in the regular collection of Baker Library. Complete sets are kept at the New Bedford Free Public Library and the "Old Dartmouth" Whaling Museum, New Bedford.

E. P. Hohman, *The American Whaleman* (New York, 1928), is a thesis submitted at Harvard in 1924, and focuses upon the whalemens themselves, as indicated by the title. Some interesting research into original business manuscripts is summarized along with a history of whaling and details of the whaleman's life at sea and on shore. He includes an excellent bibliography on whaling, listing and describing primary, secondary, and indirect sources.

Karl Brandt, *Whale Oil, An Economic Analysis* (Stanford University, 1940), is an agricultural economist's look at the product, whale oil, in relation to food

technology. Brandt also gives a brief history of whaling, as well as statistics covering modern (up to World War II) whaling.

Walter S. Tower, *A History of the American Whale Fishery* (Philadelphia, 1907), is short and comprehensive. It is mainly a digest of Scammon, Starbuck, and a few other whaling "classics."

Pease & Hough, *New Bedford* (New Bedford, 1889) and L. B. Ellis, *History of New Bedford* (New Bedford, 1892) give details on the community. The former is a chamber of commerce publication, presenting the wonders of New Bedford illustrated with late nineteenth-century photographs. The latter is heavy and detailed, emphasizing the men and families of New Bedford, and including engravings of the city's leading citizens.

II. Manuscripts at Baker Library, Harvard Business School

The *List of Business Manuscripts in Baker Library*, compiled by Robert W. Lovett, gives good descriptions of the manuscripts related to whaling in the collection. Some items involving whaling activities are listed under categories other than whaling. These include the following manuscripts:

Baker Library Manuscripts Related to Whaling but Listed under other Categories:

List Page Number	Catalog Number	Identification (See catalog for description)
81	447	1831-1868 Charles Hitch
82	453	1856-1860 Schooners Delaware and etc.
83	461,2,3	Logbooks of whaling vessels. Those marked with an asterisk in the <i>List</i> are located in Houghton Library at Harvard University.
84	470,2,3,4 484,8	
85	491,2,5,6,7 502,5,8,9 510,11,14,16	
86	521,2,3,6,8,9 532,3,4,6 543,5,6,7,8	
87	550,2,6,7 561,3,4,6,7,8,9 570,2,3,4,	
89	581	
	586	
109	686	
110	694	
112	706	
152	970	1851-1854 Rotch's Wharf
		1834-1835 Charles W. Morgan & Co.
		1820-1865 Charles W. Morgan
		1834-1889 Swift & Allen
		1850-1871 George Hussey
		1833-1879 William Howland

Many of the manuscripts, besides meeting the descriptions in the *List*, contain extraneous notations, drawings, and stories copied from the publications of the day by the mates who kept the logbooks, which add some details of general historic and literary value. Many

contain notes of tragedies at sea similar to the note about Captain Harris of the *Ganges* (page 262 of text). The diary of Mrs. Ashley, the wife of Captain Edward Ashley, appears written in three different business manuscripts, several years after the dates of the business entries. These manuscripts are the accounts of the *Ship Reindeer*, 1852-1860, catalog number 60; the accounts of the *Ship William Wirt*, 1853-1857, catalog number 61; and Volume 2 of the *Ship Gov. Troup's Logbook*, 1862-1865, catalog number 561. These diary entries were made while Mrs. Ashley was at sea with her husband on at least two of his whaling voyages. In several passages she refers to her "delicate condition," and later, after a stop at one of the Pacific islands, she refers to her new child who joins a 2½-year-old brother aboard the ship. She describes the adventures of the ship, her own meditations and activities, the activities of the children, and the weather and condition of the sea in an educated, highly descriptive prose. The events she describes range from her sewing and piano practice to a heart-breaking whale chase by one of the ship's boats, where the whale was lost and the boat was feared lost, later to return to the ship much to Mrs. Ashley's relief. Also included is a notation that the dog had puppies while the ship was rounding Cape Horn.

Thus, it is evident from many of these manuscripts that Herman Melville's poetic view of whaling was not unique; it was shared by the bookkeepers, the whalers who were literate, and, probably to the greatest extent, by the women whose men went to sea after whales.

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Charles Elliott Perkins

« Conventional for the time in his basic economic thinking, Charles Elliott Perkins was nevertheless enough of an intellectual to discern flaws in the philosophies of natural law and free competition. Creative, literate, retiring, dedicated to enlightenment but realistic about the limitations of public education, Perkins was anything but the conventional business figure of his generation. The personal background here set forth brings into sharp focus the hitherto hazy image of one of America's great railroad leaders.

INTRODUCTION

From the time that Charles Elliott Perkins became vice president of the Chicago, Burlington & Quincy in 1875 until he resigned as president of the system in 1901, he *was* the Burlington. This discussion, however, is about Perkins the man rather than a history of the C.B.&Q. But because of Perkins' positive genius for submerging himself in his professional role, it is something of a job to unscramble him from the omelet except by being extremely arbitrary about it, which is precisely what I shall be. Although I shall summarize both Perkins' railway career and his ideas for purposes of orientation, I do not propose to discuss either in relation to the development of the Burlington system in particular, however fascinating that would be. Nor shall I do more than summarize the substance of Perkins' general ideas about business. There are two good reasons for this: his philosophy followed the well-defined pattern of business thought of his day, and, secondly, its salient features have — as I shall shortly explain — been admirably discussed elsewhere.

What I *do* want to do is to explore and explain, if possible, the paradox of his reputation, some of his distinctive personal charac-

NOTE: This article is adapted from a paper delivered at the seventy-first Annual Meeting of the American Historical Association at St. Louis, December 30, 1956.

teristics, and some of the influences that particularly affected him. Then, perhaps, we can fix him more precisely in his orbit and thereby bring both the man and his significance into somewhat sharper focus. The problem into which even this limited assignment immediately propels us is a welcome one, for its very existence goes a long way toward explaining Perkins himself.

I

The fact is that Charles Elliott Perkins as a businessman and writer on business subjects is well-known only by the dozen or so scholars who have had access to his papers and, to a lesser degree, by those who have read the excellent books to which I shall refer shortly. He is somewhat known, though by no means as widely as one would expect, for his accomplishments as a railroader by those who have happened to concern themselves specifically with western railroad-ing during the generation after the Civil War. The outstanding fact, however, and here is the surprising paradox, is that he is virtually unknown by the general historian even though in my opinion both his position and his accomplishments unquestionably place him along with Cornelius Vanderbilt, James F. Joy, John Murray Forbes, James J. Hill, Charles Francis Adams, Leland Stanford, and a host of other contemporaries whose names are household words.

There is, I think, a definite and rather significant reason for this: during his lifetime, Perkins shunned publicity like the plague. Never in his whole life, so far as I can discover, did he ever stand on his feet and make a speech or even an informal talk. This, indeed, was in sharp contrast to James J. Hill, for example, who was always ready to talk on any subject. Perkins also flatly refused to submit biographical material for any of the handbooks of the day, and throughout his business career sought to deflect the spotlight to the organization with which he was identified.

This was not an attempt on his part in any way, shape, or manner to evade responsibility. Listen, for example, to what he wrote to a stockholder late in 1888: "If there is any blame to be attached to railroad managers, it belongs, I think, to the heads, and not to the subordinates. I am certainly responsible for the management of the C.B.&Q. and if that management is bad or unsatisfactory, I, and not those under me, must shoulder the responsibility."¹

¹ Charles E. Perkins to a stockholder, Dec. 29, 1888, reprinted in *Boston Daily Advertiser*, Jan. 24, 1889.

Even more revealing was the case of the First National Bank of Lincoln during the depression of the 1890's. Perkins owned a modest amount of stock; his total liability was less than \$25,000. Late in 1895, however, fear and panic in Lincoln rose to such a pitch that the bank's officials realized they would have to close within a matter of hours unless substantial funds could be obtained or confidence otherwise restored. No funds could be had. Consequently, *without his consent or knowledge*, Perkins was elected a director and the news immediately given wide publicity. The impending run was avoided and Perkins, solely at his own risk, agreed to remain a director; to do otherwise would have meant inevitable ruin not only for the bank and city, but for the South Platte Valley as well. Furthermore, as Perkins noted at the time, it would have betrayed the confidence of those who left their money in the bank simply because he was connected with it. Over the next four years Perkins put well over a million into the institution. Eventually he recovered a portion, but shortly before his death he calculated his direct loss at between a half and three quarters of a million, a substantial proportion of his life's savings.² Charles Gates Dawes, who was comptroller of the currency at the time, knew of this and in 1902 related the story in the *Saturday Evening Post*.³ Yet Perkins refused then to let his name be used; not until long after his death was the story fully known.

The episode is as revealing as it was important. Perkins was as modest as he was shy; not even the voluntary shouldering of a responsibility of this magnitude could get him to talk about himself or let others do so. And that is why, with relatively few exceptions, he is so little known even to those well versed in railway history. A brief introduction to the man, then, is in order.

II

Charles Elliott Perkins was born November 24, 1840, in Cincinnati. Through both his father and mother he was related to the leading families of Boston — of which I shall have more to say later — but more pertinent to his immediate career was the fact that his father was an intellectual free lance who cared little about money and who died when Charles, the oldest of five boys, was about nine

² Perkins, Memorandum, April 21, 1906, "R.C.O. Notebook" #15, p. 97. Cunningham-Overton Collection in possession of the writer, hereafter cited as C-O.

³ Charles Gates Dawes in *The Saturday Evening Post*, Sept. 20, 1902.

years old. As a result, Perkins was lucky to be able to stay in school until he was sixteen; thereafter he not only had to support himself but assumed the major responsibilities for his widowed mother and four younger brothers. He went to work for a wholesale fruit concern in Cincinnati in the summer of 1857 where, as clerk, he struggled with the mysteries of accounting.⁴

Two years later came the "break" that paved the way to his career. John Murray Forbes, who was his first cousin once removed (*not* his father-in-law as has often been said), offered him a clerkship at \$30 a month on the Burlington and Missouri River Railroad of Iowa, a 75-mile road in which the owners of the C.B. & Q. had invested. He was not yet 19 years old.⁵

Within a year Perkins became assistant treasurer and land agent of the B.&M. (which had received a federal land grant in 1856), and two years later took over added responsibilities as assistant treasurer and secretary. In 1865 he was named general superintendent, in which capacity during the next four years he directed completion of the road across the State of Iowa. During 1869-1872 the Burlington, through still another subsidiary, completed a 200-mile extension in Nebraska, and at the beginning of 1873 Perkins was appointed vice president and general manager of this road, although he continued to live in Burlington. When the Iowa subsidiary was consolidated with the C.B. & Q. in 1875, Perkins was elected a director of the latter, and became a vice president of the parent company in the following year. In 1880 the Nebraska subsidiary also was consolidated with the C.B. & Q., and in September, 1881, Perkins was elected president of the combined properties, a post he held for the next twenty years.⁶

During his administration as president, the C.B. & Q. grew from a modest system of 2,924 miles to a major network of 7,992 miles; it was during his term that the Burlington completed its extensions to the Twin Cities, to Denver, and to Billings. When Perkins — and I use the name advisedly — sold the C.B. & Q. to James J. Hill in 1901, he voluntarily resigned the presidency but served as an extremely

⁴ Ernest L. Bogart, "James Handasyd Perkins" in *Dictionary of American Biography*, Vol. XIV (1934), pp. 474-475; Edith Perkins Cunningham, *Owl's Nest* (Cambridge, 1907), Genealogical Charts following pages 24 and 56; *ibid.*, pp. 176, 219-220, 238-239.

⁵ Richard C. Overton, *Burlington West* (Cambridge, 1941), pp. 65-66, 111-116.

⁶ Thomas C. Cochran, *Railroad Leaders, 1845-1890* (Cambridge, 1953), p. 427.

active director and elder statesman until his death on November 8, 1907.⁷

It is customary, I realize, to conclude a biographical sketch with a man's death. But for the historian, Perkins is significant not only for his achievements as a railroader, but for his prodigious and voluminous writings. How a man as busy as Perkins ever got time to write as much as he did is more than I shall ever fathom. I should say conservatively that there are perhaps 50,000 of his letters extant and available, and, more to the point, some 50 memoranda that are not concerned with specific events or situations, but address themselves, in essay fashion, to the general problems of railroading and business and thereby constitute an extraordinarily logical and detailed exposition of Perkins' own philosophy and, indirectly, that of the business group and generation of which he was a part.⁸

Now there was, perhaps, nothing extraordinary about a man writing some 50,000 letters in the course of a unified 48-year business career; that figures out to about three letters per business day. What is more unusual, and for this we have Perkins' shyness partly to thank, is the fact that he had the interest and the time to speculate and analyze and come to conclusions on paper about the whys and wherefores of business in society. This is not to say, by implication or otherwise, that Perkins was the only businessman or railroader who had well-crystallized ideas and criteria; you can find in Cochran's *Railroad Leaders* that even generally speaking the responsible heads of what was then the nation's leading industry all had fairly definite frameworks of thought and were surprisingly articulate in stating them.⁹ Kirkland comes to the same conclusion.¹⁰ What *was* distinctive, though possibly not unique, about Perkins was that he seemed to have a persistent concern to discover and express both the logic of his ideas and their relevance to the world he was living in.

There is perhaps another thing worth mentioning in this con-

⁷ C.B.&Q., *Annual Report* for year ending Dec. 31, 1881, p. 12; *ibid.*, *Annual Report* for year ending June 30, 1901, p. 13; Ernest L. Bogart, "Charles Elliott Perkins" in *Dictionary of American Biography*, Vol. XIV (1934), pp. 465-466; R. C. Overton, *Milepost 100* (Chicago, 1949), pp. 21-24, 49.

⁸ Elizabeth Coleman Jackson and Carolyn Curtis, *Guide to the Burlington Archives in the Newberry Library, 1851-1901* (Chicago, 1949), pp. 11-14, 331-334. Latter reference lists Cunningham-Overton Collection.

⁹ Cochran, *op. cit.*, pp. 1-5, 217, 233-501.

¹⁰ Edwin Chase Kirkland, *Dream and Thought in the Business Community, 1860-1900* (Ithaca, 1956), pp. viii, 2-3, 131-132.

nection: Perkins realized and repeated many times over that the basis of progress was enlightenment, education, and information; like Washington and Jefferson he felt that if "the people" could only know the facts, their own good sense would, in the long run, impel them to make a wise decision. On the other hand he was frequently impressed with the futility of trying to get people to use the information at hand. One of the most thoughtful, longest, and most closely reasoned memoranda he ever wrote was in response to a request for his views on the Interstate Commerce Act that was then pending in Congress. Yet he felt and said many times after that his letter to Senator Cullom had no more effect than a fly on a horse's ear, and he frequently used similar phrases to describe the effects of his efforts to provide enlightenment elsewhere.¹¹ Nevertheless, to the day of his death, Perkins kept writing memoranda. That poses the rather intriguing question: for whom was he writing? I doubt whether he had the conceit to think of himself as a prophet who would be honored and followed long after he had gone to his reward. More probably it was simply the intensity of his conviction which compelled him to let off steam. Whichever it was, the depth of his sincerity and the persistence of his beliefs are worth noting.

And what was the content of this philosophy? Simply this: all economic activities of mankind are guided by natural laws which are just as immutable and eternal as the laws of nature. One of these is the inexorable law of supply and demand which alone can and should adjust the price of any commodity, whether it be a pair of shoes, railway service, or a man's labor. And under what conditions does this law operate most successfully? In the free market under conditions of pure competition. Hence whatever interferes with the free play of such competitive forces, such as government regulation or pressure of labor unions, is, *ipso facto*, contrary to natural law and thus contrary to the true interests of every participant in economic activity.

This, of course, is what we call pure laissez-faire doctrine. But it did not stand alone either in Perkins' thinking or in that of his contemporaries. Perkins likewise was a Social Darwinist who believed implicitly that the strongest would and should survive. There was, he felt, no substitute for honesty, intelligence, hard work, and thrift; those who possessed and applied these characteristics would

¹¹ *Ibid.*, p. 134.

and should succeed in proportion to the diligence of their application. The result, of course, would be that all men would not share equally in this world's goods but since, theoretically at least, they all had had the opportunity to do so, it was no one's fault but their own if they did not. For such unfortunates charity and philanthropy, worthy in themselves, could provide assistance. But such matters were beyond the realm of either economic or political activity; they were individual responsibilities to be supported and maintained by the collective conscience and goodwill of the more fortunate members of the community.¹²

Fortunately this was not all that Perkins believed; had his philosophy stopped there its inflexibility would have made it unworkable, and its frigidity would have frozen him out of any society. For all his devotion to natural law, Perkins was anything but rigid, for although the solidity of his beliefs may appropriately be compared to a great oak, he learned early that unless the limbs and boughs of the tree could sway with the wind, the trunk itself might be pulled down. But, as a practical and experienced businessman, "he also raised the question of what he could get, and what the effect of getting it would be upon related matters. He balanced these considerations against each other and made his decisions accordingly. In his efforts to advance toward his goals, he showed a statesman-like quality of accepting facts as they were and of trying to avoid measures which, however desirable in themselves, were more likely to hinder his progress than help it."¹³ Indeed, as Perkins himself once stated: "It does not do to carry philosophy too far in a world which is full of people who are not philosophers. . . ."¹⁴

This does not mean that Perkins' principles were merely for show, to be abandoned whenever it was convenient. When it was a question of fundamentals, such as loyalty to the company he represented, Perkins did not hesitate for a moment to lock horns with such redoubtable opponents as James F. Joy¹⁵ or the even more awesome

¹² Cochran, *op. cit.*, pp. 84-86, 91, 98, 173-174, 182, 197-198, 226; Donald L. McMurry, *The Great Burlington Strike of 1888* (Cambridge, 1956), pp. 11-20.

¹³ McMurry, *op. cit.*, p. 19.

¹⁴ Perkins to Henry B. Stone, Dec. 23, 1887, quoted in McMurry, *op. cit.*, p. 18.

¹⁵ Overton, *Burlington West*, pp. 177-182; Cochran, *op. cit.*, pp. 113-115; Julius Grodinsky, *The Iowa Pool, A Study in Railroad Competition, 1870-84* (Chicago, 1950), pp. 43-52; Grodinsky, *Jay Gould, His Business Career, 1867-1892* (Philadelphia, 1957), pp. 378-393.

Jay Gould.¹⁶ I think it can be successfully demonstrated that Perkins rarely if ever lost sight of his ultimate objective; to gain it, as a matter of strategy he would accept tactical setbacks. But he would yield only to make more certain of gaining his eventual objective.

Nor, it should be added, was Perkins lacking in the milk of human kindness. He gave generously to individuals, churches, and a multitude of causes, frequently without revealing the source. Yet this, like his consideration for others, he felt to be a strictly private affair.¹⁷

Of course, as Perkins himself seemed to realize, there were internal inconsistencies in the body of laissez-faire thought and also between its theory and practice. The concept of natural law implied order. Yet competition was often far from orderly. To make it so, the railroads devised pools or arranged mergers, both of which had the effect of limiting or interfering with the free play of the market. "It seems pretty clear," said Perkins, "that we must in some way reduce the number of competitors, but I don't believe it is wise to try or practicable to stop competition."¹⁸ Please note that this inconsistency did not seem to trouble Perkins or to vitiate, in his mind, the essential rightness of natural law.¹⁹

So much for the man's career and his beliefs.

III

Now I should like to raise some questions: Why, after what was certainly a very modest schooling and an undistinguished apprenticeship in a wholesale fruit concern did Perkins so suddenly make his mark in the railroad business? After all, he was not yet 20 when, in the fall of 1860, he was appointed assistant treasurer as well as

¹⁶ Grodinsky, *Iowa Pool*, pp. 73-74.

¹⁷ McMurry, *op. cit.*, pp. 19-20; Perkins letters in possession of author, *passim*.

¹⁸ Perkins to J. M. Forbes, July 20, 1889, quoted in Cochran, *op. cit.*, p. 139.

¹⁹ To see how typical of his generation were Perkins' beliefs, refer to Kirkland, *op. cit.*, *passim*; he cites Perkins some 28 times — more often than any other individual as an exemplar of his group. As to what Perkins thought on specific subjects, see Cochran's excellent index in *Railroad Leaders*, and read through the 99 excerpts he gives from his letters and memoranda (Cochran, *op. cit.*, pp. 427-449, 560-561). For a superb thumbnail sketch of Perkins' ideas on management and a detailed account of his view on labor, consult McMurry's *The Great Burlington Strike of 1888*, pp. 11-20 *et seq.* Finally, to see Perkins in vigorous action on the competitive battlefield, look in Grodinsky's *The Iowa Pool*, pp. 73-86 and *passim*, and his *Jay Gould*, pp. 378-393 and *passim*.

land agent of the Burlington and Missouri River Railroad in Iowa. He was barely 25 when he became general superintendent of all the Iowa lines, and he was under forty when he assumed the presidency of the Burlington system. What was there about him that propelled him forward, that led him to accept, to assume, and in many respects to typify the thinking American businessman of the late nineteenth century? Why did he hew so firmly to his principles? Was there anything distinctive about him as a man to account for it?

We can, of course, tick off the obvious qualities without which he could hardly have done what he did. He was meticulously honest, perceptive and quick to learn, a tireless worker, thrifty and persistent. Were these traits and their corollaries enough? Was it the degree in which he possessed these traits, or some distinctive added quality that gave such positive direction and persistent force to his life? Or was he simply lucky? Or, perhaps, was it a combination of luck and good management?

Suppose we look for a moment at two fortuitous circumstances for which he could not possibly take credit: the timing of his life in relation to the golden age of railroading, and his Boston family connections. In his study of "The Business Leader as a 'Daimonic' Figure" published nearly five years ago, Dr. Fritz Redlich puts forward the proposition that the men born between 1835 and 1845 assumed "for the rest of their lives certain characteristic ways of thinking, attitudes, and behavior patterns which distinguished them from people who are born as members of the same nation in somewhat earlier or later decades."²⁰ The fourteen men he cites as examples including Carnegie, Gould, Morgan, Hill, and Rockefeller were all born within this time span. The implication is — and I trust I am not distorting Dr. Redlich's thesis — that a person born at the exact mid-point in this specific period could hardly fail, if he went into business, to believe in precisely the ideas Perkins held. In other words, to quote Dr. Redlich, Perkins was simply an example of "a generation phenomenon."²¹ Now I should be the last to say that Perkins was in no sense a prisoner of his age; precisely because he was perceptive and sensitive to what went on around him, he was doubtless affected by the climate that permitted and

²⁰ Fritz Redlich, "The Business Leader as a 'Daimonic' Figure" in *The American Journal of Economics and Sociology*, Vol. 12, No. 2 (Jan., 1953), p. 166.

²¹ *Ibid.*

encouraged a generation of robber barons – and I use the term in the Kirklandian sense of “historical shorthand to identify a generation of businessmen; it does not necessarily involve a value judgment.”²² But even if we grant Dr. Redlich’s intriguing premises, can we account for Perkins as the individual phenomenon as distinct from an exemplar of general phenomena?

The case for a silver spoon theory might seem a strong one if we relate the years of Perkins’ active business life specifically to the railway industry. Certain it was that the years 1865 to 1915 were the golden age of railroading. It was then that our network grew from about 35,000 to nearly 255,000 road miles.²³ The men who directed that job were in the limelight just as have been the architects and leaders of all great movements throughout history. Can the extent and quality of Perkins’ achievements, then, be explained by his happening to get in on the ground floor of an inevitably good thing and then have the sense of balance to stay on top while the structure rose beneath him? He was, I will readily admit, lucky to enter the railroad business at the moment of its greatest challenge. Yet I would suggest that if this opportunity may be likened to a silver spoon, it is also fair to say that it was an extremely slippery one. Perkins could have dropped it just as often as any child of a year or two lets his fall from the highchair.

Why? Because the railroad business between 1859 and 1907 was a rugged affair no matter how you looked at it. It was strenuous, hotly competitive, and loaded with risks of life, fortune, and reputation. Compared with the industry today, it was virtually devoid of security for anybody at any level. If a man were killed or injured, some kind soul might pass the hat for his family, but then again he might not and he certainly didn’t have to. If a man bought worthless securities on the basis of misrepresentation and lost his fortune, that was his tough luck. If employees had a grievance, they might or might not obtain redress; if they tried to take concerted action their only hope for success was brute strength and endurance, for any company was at liberty to fire a man summarily and get somebody else if it could. And that was just as true of railroad presidents and top officials as it was of men in the ranks.

Nor was there much of any precedent to guide even the most

²² Kirkland, *op. cit.*, p. 2.

²³ United States, Department of Commerce, Bureau of the Census, *Historical Statistics of the United States, 1789–1945* (Washington, 1949), pp. 200, 202.

conscientious and able railroad executives.²⁴ Nobody anywhere had ever tried, within the ambit of one long generation, to lay down 220,000 miles of railroad on a landscape of imperial dimensions with a range in altitude of some 15,000 feet and variations in temperature of some 125 degrees. There were precious few precedents to call upon, and, to compound the risk, the task had to be accomplished under constant pressure: the American nation, intent on developing the West, wanted everything done yesterday. Furthermore, perhaps most Americans were none too particular about the means by which their insatiable hunger for rail transport was to be satisfied.

Did builders in the West need collateral? Then give them public land.²⁵ Did they need cash? Then give or lend them bonds, federal, state, or municipal.²⁶ Did they need technical help? Let army engineers pitch in.²⁷ Did they need broad charters allowing them virtually unfettered license to engage in all sorts of collateral enterprises according to rules very much of their own making? Then by all means let them have them.²⁸ The nation wanted railroads, and the people — whether acting as individuals or as government officials — were far more anxious to provide them than to work out adequate controls over the transfer of valuable rights and property.

The result was that the nation got its railroads, a fact which latter-day moralists possessing the 20-20 vision of hindsight are prone to forget. Whether America could have secured its railroads more economically in some other fashion is wholly beside the point, and, as Kirkland suggests, may best be left to the dream and thought

²⁴ Kirkland, *op. cit.*, p. 5; Alfred D. Chandler, *Henry Varnum Poor: Business Editor, Analyst, and Reformer* (Cambridge, 1956), p. 37.

²⁵ United States, Federal Coordinator of Transportation, *Public Aids to Transportation* (Washington, 1938), Vol. II, pp. 105-117. For full-length studies of railroad land grants see: Paul W. Gates, *The Illinois Central Railroad and Its Colonization Work* (Cambridge, 1934); William S. Greever, *Arid Domain: The Santa Fe Railway and Its Western Land Grants* (Stanford, 1954); R. C. Overton, *Burlington West*, *op. cit.*

²⁶ *Ibid.*, pp. 120-159. For studies of specific instances see Carter Goodrich, "Public Aid to Railroads in the Reconstruction South" in *Political Science Quarterly*, Vol. LXXI, No. 3 (Sept., 1956); Edward Hungerford, *The Story of the Baltimore & Ohio Railroad* (New York, 1928), Vol. I, pp. 30-31, 324; Harry H. Pierce, *Railroads of New York: A Study of Government Aid, 1826-1875* (Cambridge, 1953); Nelson Trottman, *History of the Union Pacific* (New York, 1923), pp. 10-22.

²⁷ Hungerford, *op. cit.*, Vol. I, pp. 51, 69.

²⁸ Henry S. Haines, *Restrictive Railway Legislation* (New York, 1905), pp. 21-27. See also Mary G. Cumming, *Georgia Railroad and Banking Company* (Augusta, 1945), pp. 24-26.

of historians.²⁹ Maybe the job could have been done better, with less destructiveness, or with more consideration for future generations. But it would have taken longer, and America refused to wait.

What effect did this massive impatience and rather casual attitude toward means have on the men who financed, built, and managed these railway enterprises? Quite naturally — as the first law of survival — they sought first and foremost to fulfill the primary demand. The only effective limits on the way they did it were their own ideas of what was good for their business, what the community would put up with, and what their individual consciences would tolerate. As Cochran points out so brilliantly, business mores and ethics did tend to crystallize as time went on. But this, as I am sure he would agree, was necessarily a painfully slow process. In the meantime, the prudent, far-seeing financier (and indeed there were some) had to compete all too often with the shyster and the outright crook;³⁰ the efficient operator mindful of maintaining his plant and rolling stock had to match performances with the man who was willing to abuse his equipment and compromise with safety for a momentary advantage.³¹ The traffic man devoted to developing a stable market and dependable service was forever beset not only by competitors who would cut rates ruinously regardless of ultimate consequences, but by cold-blooded shippers demanding special favors.³² A just employer might well find his payroll costs higher than his less scrupulous neighbor.³³ The honorable man, to put it bluntly, had precious few safeguards, either legal or customary, for his honor.

One can readily point out, of course, that during the robber baron era hundreds of thousands of men, nay millions, survived the rigors of the years and managed to make a livelihood in the railway business. Probably the vast majority of them lived reasonably happy

²⁹ Kirkland, *op. cit.*, p. 167.

³⁰ Grodinsky, *Iowa Pool*, pp. 70-71; Kirkland, *A History of American Economic Life* (New York, 1941), pp. 381-387; Overton, *Gulf to Rockies* (Austin, 1953), pp. 258-288, 336; John Greenleaf Pearson, *An American Railroad Builder: John Murray Forbes* (Boston, 1911), pp. 162-173; S. G. Reed, *A History of the Texas Railroads* (Houston, 1941), p. 304; Trotter, *op. cit.*, pp. 23-54.

³¹ Grodinsky, *Iowa Pool*, p. 77; Robert E. Riegel, *The Story of the Western Railroads* (New York, 1926), pp. 160-178.

³² *Ibid.*; Ralph W. and Muriel E. Hidy, *Pioneering in Big Business, 1882-1911* (New York, 1955), pp. 18, 118-121; John Moody, *The Railroad Builders* (New Haven, 1921), pp. 230-231.

³³ Riegel, *op. cit.*, pp. 247-251; Overton, *Gulf to Rockies*, *op. cit.*, pp. 126-127.

lives, or at least thought they did. But the percentage of those who got to the top — let us say to the level of general manager or better — was but a fraction of one per cent. Those who managed to stay at the top and at the same time keep their company solvent until they retired voluntarily or died, were infinitesimal. And I suspect that those who fulfilled all those conditions and emerged with their original ideals and philosophies intact could be counted on the fingers of one hand. I would say, on balance, that whatever luck or silver spoon came Perkins' way in the form of opportunities in the railway field was more than offset by his own good management in nimbly avoiding the pitfalls and risks of that selfsame industry.

But if Perkins' opportunity in the railway industry was not served up by the times in a silver spoon, what about his family connections? After all, he was a grandnephew of those worthy Boston merchants Thomas Handasyd Perkins and his brother James, a first cousin of both William Ellery Channing and of Howard Elliott, a first cousin once removed of John Murray Forbes (as well — eventually — as his nephew by marriage), a first cousin by marriage of both Edwin L. Godkin and William Graham Sumner, and a relation in one fashion or another to the Higginson, Bowditch, and Cabot families.³⁴

This was only part of the story. Charles' father, James, born in Boston in 1810 and most properly educated at boarding schools at Exeter and Northampton, went to work as a young man in the well-known importing house founded by his uncles. But after a short apprenticeship he gave up business as being opposed to his tastes, health, and ethical ideals. Making something of a clean break, he moved to Cincinnati with the idea of becoming a horticulturist. There his literary and linguistic talents attracted attention and he was persuaded to read law, being admitted to the bar in 1834. Yet apparently the practices and attitudes of that profession offended his sensitive ethical standards. He therefore devoted an increasing amount of time to writing, delivering lyceum lectures, and serving as a minister-at-large for the Unitarian Church.³⁵

Certain it is that James Perkins' unflagging energy in serving others made him a tower of strength and a beloved public figure in the city of Cincinnati. He was indeed a professional intellectual

³⁴ Cunningham, *op. cit.*, charts opposite pages 24 and 56; Pearson, *op. cit.*, p. 1.

³⁵ Bogart, "James Handasyd Perkins," *loc. cit.*; Cunningham, *op. cit.*, pp. 164-167, 172.

and a born teacher, two facts relevant to this inquiry. Yet behind this strength was constant turmoil within; self-doubt, disillusionment with both business and the law, and a sense of not being able to square his own high standards with those of the brawling new nation around him. So it was, that, worn in body and mind by his exertions on behalf of others, he died in 1849.³⁶

Charles' mother was a woman of calm courage and independence. Fortunately the family was able to hold onto their house in Cincinnati, but with precious little to spare. Mrs. Perkins did not wish to rely on rich relatives. Young Charles went to the public schools; his nearest approach to higher education – and to his Boston family – came in 1856–1857 when he spent his final high school year at Milton, Massachusetts, where he lived with his Uncle Stephen and Aunt Sarah Perkins. It would seem that his eastern schooling as such made very little impression on young Perkins for he never singled it out for subsequent comment. But two acquaintances he made during that year, apparently in a most matter-of-fact fashion, were to become cardinal influences before long: his uncle's first cousins Robert Bennett and John Murray Forbes, and Robert's daughter Edith.³⁷

In June, 1857, Perkins returned to Cincinnati where he found his job as clerk in a wholesale fruit store. Even then he was a bit restless, but his Uncle Stephen told him to sit tight and learn something, which is precisely what he did. And, incidentally, he walked back and forth to work despite the considerable distance in order to save omnibus fare.³⁸ Already he was beginning to assume the family responsibilities which remained with him to the day of his death.

So far, most certainly, his blue-blooded heritage had availed but little, any more than had the promise of the railway business. In the summer of 1859, however, both combined to give Perkins the chance of a lifetime, for it was then that John Murray Forbes, relying partly on his own high opinion of his serious-minded young cousin, and partly on Uncle Stephen Perkins' warm endorsement, offered him the chance of a clerkship on the B.&M. at Burlington.³⁹

³⁶ Bogart, "James Handasyd Perkins," *loc. cit.*; Edith Cunningham to the writer, telephone conversations Dec. 13, 14, 22, 1956 (Memoranda in the writer's possession).

³⁷ Cunningham, *op. cit.*, pp. 220–223, 238; Cunningham, *C.E.P. and E.F.P., Family Letters, 1861–1869* (Boston, 1949), pp. 2–5.

³⁸ Cunningham, *Owl's Nest, op. cit.*, pp. 238–239; Cunningham, *C.E.P. and E.F.P., op. cit.*, p. 6; Stephen Perkins to C. E. Perkins, July 18, 1858, "RCO #1 Loose-Leaf" (C-O 1, p. 4.6).

³⁹ Cunningham, *C.E.P. and E.F.P., op. cit.*, pp. 17–23.

That this was the turning point in Perkins' life there can be, it seems to me, little doubt. To some extent he may have contributed to the outcome by having made a particularly good impression on his elder cousin. But the fact that this elder cousin existed at all and was in a position to offer an opening, however lowly, in the greatest "industry" of the day was indeed a "break." And it detracts not a whit from Perkins' translation of this opportunity into a career to say that he could thank his family connections for the opportunity itself.

Yet this brings the story merely to the point where Perkins found himself in the railway industry. What he did, and what he thought and wrote is a matter of record to which we have already alluded. The question is to what extent did his family — both immediate and that portion of it in Boston — determine the character of his achievements and philosophy?

Quite frankly this is something on which I hesitate to venture even a guess although someday I hope to explore it further in a still unwritten and many times postponed study of the ideas and ideals of Perkins. There are, however, certain facts which, upon further testing, may prove to be of considerable significance. Most striking of all was the extraordinarily close relationship that sprang up almost immediately between Perkins and Forbes. Although I have made no specific count, I think it conservative to say that between 1859 and Forbes' death in 1898, the two men must have averaged two letters a week in each direction; when matters of major policy were under discussion, Perkins would often send off three or four 10- or 12-page letters a week.⁴⁰ More often he would send one or two "official letters," and then back them up with one or two more explaining informally and in more detail why he had written as he had officially.

I think it no exaggeration to say that the combined ideas and policies of these two men virtually molded the character of the Burlington during the last quarter of the nineteenth century. But the question here is: was this teamwork so fruitful because of family ties or because the two men happened to strike it off in extraordinarily congenial fashion?

Forbes, of course, was 26 years older than Perkins and therefore there was to some extent an inevitable father-and-son relationship between them. Having lost his own father at such a tender age,

⁴⁰ Most of the official Forbes-Perkins correspondence is in Newberry Library; the unofficial correspondence is in possession of the writer. See Jackson and Curtis, *op. cit.*, pp. 6, 11-14, 331-334.

Perkins may very well have regarded either Forbes, or the railroad he personified, as a much-needed "father figure." Yet to leave the relationship at that would oversimplify as well as distort matters. Perkins indeed did seek security, both in his business and private life, and perhaps part of his attachment to Forbes reflected the fulfillment of that need. In the early years the older man occasionally gave what might be termed personal advice, particularly in respect to family finances, land matters, and how to approach and deal with other officers of the Burlington hierarchy. But it was only on the relatively few occasions when Perkins wrote about clearly personal subjects that he ever addressed Forbes as "Cousin John." Whenever the subject matter was railroading, as it usually was, the men addressed each other as "Mister," and although they wrote frankly and fully, they did so with what we should call great formality. From those letters, constituting probably 90 to 95 per cent of the whole, one would never guess there was any blood relationship whatsoever.

Forbes' long experience as a general entrepreneur qualified him particularly to make broad gauged and comparative financial judgments; his close contact with Boston capitalists and his extremely wide connections made him a shrewd judge of when to move forward and when to use caution. And he was a keen judge of men. Perkins, on the other hand, was a professional manager to the core; he knew, as Forbes could not, precisely what was going on and why on the properties entrusted to him. Furthermore, he possessed the gift of precise and lucid communication.

That the two men respected the complementary abilities of each other was beyond question; furthermore each seemed to realize that he did not and could not achieve the degree of skill and judgment the other had attained in his distinctive role. Viewed from this angle, we may say that the difference in ages was relatively unimportant.

On balance, therefore, I would suggest that the awareness of a blood relationship and the knowledge of each other's background contributed to the strong mutual confidence between the two. Beyond that, I would say the relationship rested squarely upon reciprocal need and mutual respect for the practical attainments of the other.

Yet however one explains or evaluates this relationship one fact about it is clear: it played a key role in Perkins' development. This is not to say, and I do not say, that the influence of his immediate

family was not of importance. Perhaps the most accurate way to put it would be to say that so far as his achievements were concerned (in distinction to his place as a husband, father, and son) they were perhaps of equal importance, but in a passive sort of way. Not being a psychologist, I am not qualified to evaluate the strength and persistence of family influences on Perkins during his formative years. How much weight they should be given I leave to those better qualified; I am stretching my own temerity to the utmost merely to mention them. But it strikes me that Perkins' extraordinary mental vigor as well as his extreme shyness and reticence about himself as a private person or individual is most logically — perhaps too logically — explained by the similar strong trait in his father. Both men were keen observers given to introspection, and both seemed compelled to relate what they were doing to a system of values. Yet in contrast to his father, Perkins not only provided a substantial competence for his family, but was able to reconcile a sensitive system of values with the stresses of a very materialistic world. Nor, in further contrast to his father, is there the slightest indication in any of his most intimate papers that he ever at any time doubted his ability to meet whatever responsibilities might come his way.

One might very properly inquire, then, where he acquired the qualities that were lacking in his father. The logical answer appears to be the correct one: from his mother. Although she apparently possessed few of the intellectual attainments of her husband, she had a great capacity for shouldering responsibility without flinching, and for transmitting to others a sense of security even if she herself did not know how the practical problems of the future were to be met. For these characteristics Perkins had unlimited respect; quite possibly he felt the very least he could do was to emulate his mother in these particulars.

On several counts it seems to me that the role of Perkins' immediate family, his wife and children, in respect to his historically important achievements requires only the most generalized consideration. In the first place I feel certain he would have recoiled from, and perhaps even resented, any very extensive inquiry into his family life as irrelevant and bordering upon the impertinent. I rather suspect that if one could ask him now what part they played in his achievements and his thinking, he would simply reply that his relations with his wife and children were extraordinarily and uniformly happy, that they built their pattern of living around

the requirements of his career, and that he, in turn, found constant solace and reward from the cares of business in the gaiety and mutual trust prevailing in his family circle.

So far as I can discover, this would be an accurate answer. There seems no question whatever but that when Perkins married Edith Forbes — the daughter of Robert Bennett Forbes, niece of John Murray Forbes, and hence his second cousin — in 1864, he was thoroughly in love and remained so to his dying day. His letters as fiancé and husband, many of which have been published, are brimful of enthusiasm, affection, and an enormous amount of information. Despite the back-breaking schedule of work he imposed upon himself throughout his life, he repeatedly participated in family excursions — revealed many times in his letters as well as in the log books of his private cars — and was at least an interested spectator if not a constantly active participant in the developing lives of his four daughters and three sons.⁴¹ Suffice it to say, as I think he would have, that his family life not only enabled him to carry out his life's work, but to do it with a happy heart.

CONCLUSION

This has been, by design, more of an informal essay than a tightly knit formal article. Although I have sought to summarize some of Perkins' achievements and ideas, my principal intention has been, rather, to "fix" him in the firmament that surrounded him, to explore some of the influences that affected him, and to provide a closer view of the man himself. In a sense, the channel in which he operated, business and railroading, was narrow, yet he seemed to regard it, and perhaps had a part in making it, a deeper, more relevant one in terms of society as a whole.

This is enough by way of conclusion. Facts must do their own talking, and interpretations must make their own way in the rugged market place of critical opinion. The facts I have given can all be documented. The analysis and interpretations simply represent my best judgment. The significance of Perkins and what I have said about him, I leave to the judgment of others.

⁴¹ Cunningham, *C.E.P. and E.F.P.*, *op. cit.*, *passim*; Cunningham, *Charles Elliott Perkins & Edith Forbes Perkins: Family Letters and Reminiscences, 1865-1907*, 2 vols. (Portland, 1949), *passim*; Private and Personal Letter Books and Log Books of the Car 200 in possession of the writer.

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Twentieth-Century Beginnings in Employee Counseling

“The practice of giving advice to employees is probably as old as the employer-employee relationship itself, but personnel counseling has become institutionalized over the past half-century and provides an example of the emergence of a specialized staff function.”

INTRODUCTION

The term “employee counseling” entered the language of business administration comparatively recently. Historically, it first appeared as “personnel counseling,” the name given to a mental hygiene interviewing program in 1936.¹ Later, the term was used to denote wartime programs for helping workers with their personal problems.

Observers have noted that while employee counseling programs are new, counseling itself is not. Bellows has described the work of the educational department at Ford (begun during the First World War) as a “kind of counseling program.”² Drucker has observed that “employee counseling as an industrial practice in general is as old as man.”³ And Baker has written:⁴

The general aim of counseling — to help the individual adjust as satisfactorily as possible to the conditions and problems facing him — was carried out to varying degrees by supervisors, line executives, and the personnel staff long before the word “counseling” was used in industry.

It is, then, the term rather than the activity that is novel. Considered broadly, employee counseling embraces those activities in

¹ See F. J. Roethlisberger and W. J. Dickson, *Management and the Worker* (Cambridge, 1939), pp. 190-191, 204, and Ch. XXVI.

² Roger M. Bellows, *Psychology of Personnel in Business and Industry* (New York, 1954), p. 306.

³ Arthur J. Drucker, “Employee Counseling,” in *Psychology of Industrial Relations* (New York, 1953), edited by C. H. Lawshe, p. 190.

⁴ Helen Baker, *Employee Counseling* (Princeton, 1944), p. 51.

which someone employed by management, acting in a person-to-person relationship, interviews an employee who faces a personal problem, attempting to solve or ameliorate it by means of the interview and subsequent action by either the counselor or the employee.

Advice to employees by employers and supervisors has probably been common throughout the past. In part, this is due to the desire of employers and supervisors to obtain improvements in the quantity and quality of output. The imparting of advice is also due to the very relationship between employer and employed. Moreover, the penchant for giving advice is, by observation, almost universal.

Since the beginning of this century, however, important innovations have appeared in the advising of employees. These innovations challenge interest and, by their nature, tell us something about industrial and social evolution over the period.

COUNSELING AT THE BEGINNING OF THE CENTURY

The history of counseling begins with advice-giving at the elementary level. The reader of statements and documents of the nineteenth century finds a strong religious tone in everyday life and speech. Employers were often regarded as the custodians of the spiritual welfare of their employees. One notes, for example, the admonition of a minister to Christian merchants soon after the Civil War. "Prove yourself their [young male employees] best friend by counseling them concerning their best and highest interests."⁶ Carroll D. Wright, first federal Commissioner of Labor, is quoted as having said:⁶

The rich and powerful employer . . . holds in his influence something more than the means of a subsistence for those he employs; he holds their moral well-being in his keeping, insofar as it is in his power to hold their morals . . . he is an instrument of God for the upbuilding of the race.

Wherever women had been employed, great concern had frequently been expressed about their conduct and spiritual welfare, as in the case of the Lowell textile workers early in the nineteenth century.⁷ Rules regarding conduct were often promulgated by management. That this was not confined to women, however, is clear from the rules set up late in the century for the male employees of

⁶ William Adams, *The Duty of Christian People To Those In Their Employ* (New York, 1866), p. 18.

⁶ See William H. Tolman, *Social Engineering* (New York, 1909), p. 355.

⁷ See Hannah Josephson, *The Golden Threads* (New York, 1949), especially Ch. IV.

Carson, Pirie, Scott & Company. These regulations required all to attend Sunday School regularly and to contribute to the church, and advised: "the employee who is in the habit of smoking Spanish cigars, being shaved at the barber's, going to dances and other places of amusement" that he would "surely give his employer reason to be suspicious of his integrity."⁸

In another case, a company was described as:⁹

. . . very strict in the matter of the morals of the people. While they do not pretend to say what they shall do outside of the mills, they do claim the right to say whether they shall work for them if their manner of living is not what it should be outside Through the means of their strict discipline, they have been able to keep from drink men who, otherwise, would have been confirmed drunkards.

Comments of this kind do not, of themselves, show advising or counseling in action. Primarily, they supply the background for understanding the personal relationships between employer and employee. Secondly, one may conjecture that some personal advising was likely to have resulted, a good deal of it linked with discipline.

Occasional glimpses of specific individual advice appear here and there to validate the assumption of its existence. Thus, the Treasurer of the Siegel-Cooper Company noted:¹⁰

I have often found it advisable in reprimanding employees to point out to them the right course to pursue Invariably, this advice was appreciated.

Whatever one may think of the accuracy of the last sentence, the passage illustrates a relationship that was possibly quite ordinary in its day.

Note the claim by the owner of a machine shop that:¹¹

. . . the superintendent knows each of his men personally; he talks with them about the things nearest to them, the little happenings in their home life

Or the injunction by the writer in a trade journal:¹²

⁸ *Sales Management*, Aug. 15, 1939, p. 2.

⁹ Edwin L. Shuey, *Factory People and Their Employers* (New York, 1900), p. 201. Similar sentiment will be found expressed in C. R. Henderson, *The Social Spirit in America* (Meadville, Pa., 1897), Ch. VIII.

¹⁰ J. B. Greenhut, "Welfare Work of the Siegel-Cooper Co.," *National Civic Federation Review*, Vol. 2 (May 15, 1905), p. 13.

¹¹ Jonathan T. Lincoln, "A Manufacturer's Point of View," *Atlantic Monthly*, Vol. 98 (Sept., 1906), p. 291.

¹² Stuart Dean, "Selecting, Sorting, Treating and Paying Men," *Iron Age*, Vol. 90 (Nov. 28, 1912), p. 1262.

If [the workman] asks your advice on a legal matter, or . . . about an investment, or a medical matter, give him all the advice you can.

A well-known practitioner of welfare work in industry in describing his efforts includes a reference to "the occasional word of counsel."¹³ Still other examples of this sort will be found in the work of the social secretaries, detailed below.

COUNSELING CONTENT IN 1900

Information about the content of advice can be obtained from the testimony of contemporary witnesses. An analysis of four volumes¹⁴ published in 1899 or 1900 yields insight into the work of that day. These volumes are descriptions of personnel practice in American industry at the time. More accurately, the authors were depicting the ameliorative provisions which some employers were instituting in the interest of employee welfare. Three of the four books exhibit or are associated with a strong religious influence.¹⁵ They are all partisan to welfare work as such, and show a disposition to side with management rather than with labor.

None of these four observers was concerned with or even aware of counseling as a separate activity. Their accounts yield incidental and unintended information relative to this matter. The lack of self-consciousness, however, also contributes toward objectivity since there is no attempt to color the advisory relationship.

By comparing the number of references to different categories of practices which relate or might relate to counseling, a rough measure of more or less usual features may be established. Table I shows such an analysis.

The limitations in this presentation should be noted. First the categories are broad. Nor can they be equated in any precise way. Since the accounts deal with welfare, generally, rather than with counseling, a more refined breakdown was not feasible. The data comprise a very gross measurement of what the literature of the time indicates. Despite this weakness as a statistical tool, some such reconstruction of the over-all pattern of counseling of the time seems useful.

Industrial welfare work possessed two important characteristics.

¹³ Victor H. Olmsted, "The Betterment of Industrial Conditions," Department of Labor Bulletin #31, p. 1137.

¹⁴ *Ibid.*; Nicholas P. Gilman, *A Dividend to Labor* (Boston, 1899); Shuey, *op. cit.*; and William H. Tolman, *Industrial Betterment* (New York, 1900).

¹⁵ See Volumes 1, 2, and 3 of *Who's Who*.

First, the practice of giving, in Gilman's phrase¹⁶ an "indirect dividend to labor," other than the wage, had emerged. Secondly, an important keynote, aside from the direct provision of various sorts of services or institutions (libraries, gymnasiums, training and courses, thrift services, etc.), was "encouragement." For "welfare" employers, the life and work of labor were a standing invitation to amelioration. The reduction of workers' discomfort and misery and the "elevation" of workers toward a more "humanized" or "nicer" existence were major welfare objectives. Significantly, the Labor Bureau study of the subject explained that a number of establishments had been visited to learn what was being done toward "industrial improvement and the elevation of workingmen."¹⁷

Betterment was, at first, wholesale. The literature of the period around 1900 says a great deal about general conditions or improvements, but very little about the specific problems of specific people. Labor appears as an almost faceless generalization. The word "counseling" is scarcely mentioned.

TABLE I
COUNSELING OR RELATED PRACTICES NOTED BY FOUR OBSERVERS
AT THE TURN OF THE CENTURY

Activity or Feature	Number of Firms Noted as Engaging in Activity by:				Total
	Gilman	Shuey	Tolman	Olmsted	
Cultural, educational, or recreational					
encouragement	31	19	17	18	85
Financial assistance	29	4	3	7	43
Medical facilities or care	10	3	4	5	22
Encouragement of thrift or insurance	6	1	6	9	22
Encouragement of home ownership	6	4	3	2	15
Special staff for counseling	3	4	1	3	11
Encouragement of domestic arts and abilities	3	2	1	2	8
Encouragement to consult management	4	0	2	2	8
Assistance in buying	1	5	0	1	7

NOTES:

References to social agencies (primarily YMCA) used by a business were omitted. Those firms which, in the account, only gave away something to employees, or did only community work, or only reported systems of "scientific management" were also eliminated. Thus, 55 accounts in Gilman, 32 in Shuey, 29 in Tolman, and 24 in Olmsted were usable for this analysis. The category "cultural, educational, or recreational encouragement" includes

¹⁶ Gilman, *op. cit.*, p. iii.

¹⁷ Olmsted, *op. cit.*, p. 1117.

such matters as the provision of libraries or reading rooms, instruction in subjects, provision of athletic facilities, and the like.

The category "financial assistance" relates to monies available for loan or grant, either from company funds or from sponsored mutual relief associations in which the company usually makes some sort of contribution.

The category "encouragement of domestic arts and abilities" refers to instruction or example offered on how to keep and beautify one's home. Often, this was made available to employees' wives.

Yet, within this general area of welfare, betterment, improvement, or encouragement, some personal relationships of an advisory sort can be visualized. Personal advice and guidance with respect to education, conduct, homemaking, sanitation, and finance are noted occasionally. It is reasonable to infer that other such personal advising occurred but was never recorded.

Consider the case of the manager of the Cleveland Hardware Company, who ". . . gives personal attention to the selection of books, both in a general way and for the individual readers."¹⁸ Or that of the Metropolitan Life Insurance Company, with respect to old-age pensions: ". . . the design of [the] scheme is to encourage employees to lay by a small sum weekly as a provision for death or old age."¹⁹ And at Waltham, the American Waltham Watch Company ". . . steadily encouraged the married workers to become owners of homes."²⁰ Aside from the releases and memoranda which were probably promulgated by management, it is possible to project personal conferences and the inevitable individual encouragement.

Counsel was not merely offered. It must, on occasion at least, have been rather strongly urged, perhaps even forced,²¹ in line with the didactic proclivities of the management of that day. When Burnham, Hanna, Munger and Company wished to encourage thrift, a notice was sent out (presumably to employees) which announced "an organization for the purpose of encouraging thrift and economy among our employees."²² The company also suggested that it was out to show that it was one of the "thriftiest." There is a strong implication that employees were expected to do their duty in this

¹⁸ Shuey, *op. cit.*, p. 170.

¹⁹ See report of talk by James M. Craig, actuary of the company, at the Get-Together Club meeting in New York, in *Social Service* (April, 1901), p. 97.

²⁰ Gilman, *op. cit.*, p. 207.

²¹ See above, fns. 7, 8, and 9. Note also such items as the compulsory shower bath to protect workers reported by R. E. Phillips, "The Betterment of Working Life," *World's Work*, Vol. 1 (Dec., 1900), p. 162. Or see Charles Wertenbaker's "Patterson's Marvelous Money Box," *Saturday Evening Post*, Vol. 226 (Sept. 19, 1953), pp. 28-29.

²² See news item in *Social Service* (Nov., 1900), p. 16.

respect. "It is to be hoped," the announcement reads, "that every employee will deposit a part of each month's salary in this savings club." And "We desire to make this the largest cooperative institution in America and this can be done if all work with that end in view."²³ On the other hand, in commenting on welfare work the United States Secretary of Commerce remarked, in 1916: "I do not know why I have the right to impose my ideas as to sanitation and cleanliness upon others."²⁴

THE "SECRETARIES"

One comparatively unusual aspect of welfare work in 1900 is of marked interest to the modern student of counseling. This is the appearance of functional specialization.

Gilman twice referred to "matrons" as advisers to female workers.²⁵ Olmsted noted that employees of certain institutions founded by management for employee recreation sometimes carried on counseling functions. "The business affairs of club members are attended to, when desired, by the superintendent of the club, who is always ready to meet and advise with them upon any subject, within the scope of his experience."²⁶ And again, "The Secretary [of the club] . . . is at all times ready to render assistance and give counsel to the men in their personal affairs."²⁷ Doctors and nurses sometimes were engaged in counseling. But more commonly, in 1900, industry employed a number of "secretaries," the title being prefixed by the adjectives "social" or "welfare."

The precise origin of the social or welfare secretary is uncertain. *The New Encyclopedia of Social Reform* listed the first such secretary as having been employed in the United States in 1889. "Four years later it was possible to hold a conference of social secretaries."²⁸

²³ *Ibid.*

²⁴ William C. Redfield, "The Employment Problems in Industry," *Annals, American Academy of Political and Social Science*, Vol. 65 (May, 1916), p. 13.

²⁵ Gilman, *op. cit.*, pp. 268 and 289. A much clearer description of the early matron-counselor will, however, be found in Mary L. Goss, *Welfare Work by Corporations* (Philadelphia, 1911), pp. 19-21.

²⁶ Olmsted, *op. cit.*, pp. 1120-21.

²⁷ *Ibid.*, p. 1124.

²⁸ *The New Encyclopedia of Social Reform*, p. 1128. Other references in this volume indicate that the editors were following B. Meakin's *Model Factories and Villages* (London, 1905), cf. p. 41. The section on "Industrial Betterment" shows that the editors were familiar with Meakin's work and the language similarities are marked.

Corroborating evidence of so early an origin is, however, lacking. More important, Tolman, probably the prime exponent of secretaryship, has offered us a different recollection. In one version,²⁹ he claims credit for the institution as a result of an article, which, in turn, grew out of an interview given by him to "a large New York daily" (here unnamed).³⁰ In this interview he referred to a "new profession." A request for information regarding this profession from a New England woman (unnamed), then led to her employment by "the largest department store in her own city."³¹ In *Social Engineering*, he added to this the "fact" that he had brought the idea of the "Social Secretary" from the Paris Exposition. "I found that the idea had originated in France, where it had been carefully elaborated by Cheysson of Paris and Van Marken of Delft."³²

Nathan credited the League for Social Service with origination of the social secretary, and noted a Boston firm as first in the field.³³ Cranston attributed the origin to an unnamed Dutch industrialist, but credited the Institute of Social Service³⁴ with spreading the principle in the United States. According to her, the first social secretary, however, was employed in a Rhode Island store.³⁵

Since Nathan reported only eight or ten secretaries in 1902, and Cranston but twenty-seven in 1906,³⁶ the possibility that there had been a conference in 1893, as suggested in the *New Encyclopedia*, seems remote. Tolman's testimony also seems to discount the possibility of the early date.³⁷ It would seem significant that Gilman's book, published in 1899, contained no mention of the term.

The year 1900 probably marked the first utilization of a social secretary, either in a Boston or Providence department store. The

²⁹ William H. Tolman, "The Social Secretary: A New Profession," *Outlook*, Vol. 77 (July, 1904), p. 594.

³⁰ A *Social Service* editorial, Nov., 1900, reveals this to be the *New York Tribune* and puts the time at "a year ago."

³¹ Again unnamed, but in the light of the evidence, probably either Filene's in Boston or Shepard Brothers in Providence.

³² *Social Engineering*, p. 49. However, the term appears before his trip to the Exposition in the pages of *Social Service*, in 1900!

³³ Maud Nathan, "The Social Secretary," *World's Work*, Vol. 4 (May, 1902), p. 2100.

³⁴ Between 1898 and 1901, this institution had used both League and Institute in its name.

³⁵ Mary R. Cranston, "The Social Secretary," *Craftsman*, Vol. 10 (July, 1906), p. 489.

³⁶ *Ibid.*

³⁷ If the 1889 date were a typographical error, intended to be 1899, the stories would however be consistent, for a National Civic Federation conference of social secretaries did take place in 1904.

addresses of Hirschler (Filene's) and Wheeler (Shepard Brothers) at the welfare workers' conference of 1904 indicate that both had started in or about 1900. Wheeler referred to her four years' experience and Hirschler to having started "about three and a half years ago."³⁸

At the same time, it should be noted that several contemporaries attributed the work and even the name "welfare" to imitation of the German *Wohlfahrtseinrichtungen*.³⁹ Beeks was credited with introducing organized welfare work at the International Harvester Company "about 1900."⁴⁰

In general, the job of these staff members was "to be the point of contact between the firm and its employees."⁴¹ "The main duty," says this contemporary reference, "is to study the welfare of the employees in every way, to suggest improvements in their conditions, and to organize them [in] . . . various forms of improvement."⁴²

That it was no longer possible for management to have personal contact with the great bulk of the employees was becoming increasingly evident. To those management members or officers who were concerned about the matter, the social secretary offered a way out. Here was a staff person who could serve as a middleman, a specialist in labor matters.

Hirschler, for example, in her talk to a conference on welfare work, referred to herself as the "impartial person," with a "judicial" position, an intermediary between employee and management.⁴³

From the individual employee's point of view, the statements of the period indicate that some secretaries, at least, had the power to intervene where review of individual injustice was involved. As one observer, sympathetic to labor, noted in her discussion of this work: "There were many bits of injustice to set right."⁴⁴ By 1903, Dorr reveals that the ubiquitous problems of being insulted by the foreman or of being discriminated against in promotion had come within

³⁸ *Conference*, pp. 112 and 26, respectively.

³⁹ See H. F. J. Porter's comment in *Cassier's Magazine*, Vol. 38 (Aug., 1910), p. 303; and Willcox's statement in the *National Civic Federation Review*, Vol. 3 (July 1, 1911), p. 24.

⁴⁰ This date is indicated in the speech of Mary L. Goss, reported in the *National Civic Federation Review* of Sept., 1908. Approximately, it corresponds to the time given by John R. Commons in "Welfare Work in a Great Industrial Plant," *Review of Reviews*, Vol. 28 (July, 1903), p. 79.

⁴¹ *New Encyclopedia of Social Reform*, p. 1128.

⁴² *Ibid.*

⁴³ See National Civic Federation, Welfare Department, *Conference on Welfare Work* (New York, 1904), pp. 26 ff.

⁴⁴ Nathan, *op. cit.*, p. 2100.

the province of the social secretary.⁴⁵ Thus, the secretary represented, in many instances, a direct link from worker to employer, both in explaining management's point of view and in acquainting management with labor's demands and needs.

Naturally, too, such a middleman-secretary, whose duty was to elevate, to represent management, and to listen to grievances, easily moved towards the role of disciplinarian. As already noted, there was at least a trace of authority and supervision in the attempt to improve employees. Referring to lunches, Tolman told of a secretary who saw "... that the tables are left tidy and [kept] the girls ... reasonably quiet" and of "the other secretary who ... keeps good order in the garden."⁴⁶ And Brittin referred to a welfare room set up for "cases of illnesses, *unsatisfactory deportment* [italics mine] and ... personal grievances."⁴⁷

Face-to-face relationships led naturally to more general and personal counseling. Thus, Hirschler explained that, at first, a member of the firm had begun to turn over grievances and personnel problems to her and the employees "gradually got into the habit of coming to me for all sorts of things."⁴⁸ This somewhat vague statement contains the nub of the counseling relationship. Wherever a secretary developed employee confidence, he or she tended to become a counselor with respect to a great variety of workers' difficulties.

One secretary is reported to have studied hygiene and sanitation and to have become "constant adviser, warning [female employees] against imprudence."⁴⁹ In this account one also finds reference to vacation advice, reading suggestions, and counseling as to dress. In response to a question by Tolman as to the nature of her work, the secretary in one of New York's largest department stores included in

⁴⁵ Rheta C. Dorr, "A New Profession," *Current Literature*, Vol. 34 (March, 1903), p. 294. See also Tolman, "The Social Secretary," *Outlook*, Vol. 77 (July, 1904), p. 595.

⁴⁶ Tolman, *ibid.*, p. 596. It is not clear whether this reference is to an English firm. A similar and more detailed case in reference to the National Cash Register Company will be found in E. Wake Cook's *Betterment* (New York, 1906), pp. 215-220.

⁴⁷ Emma S. Brittin, "Two Years of Successful Welfare Work in a Factory Employing One Thousand People," *Human Engineering*, Vol. 1 (April, 1911), p. 80.

⁴⁸ Hirschler, *op. cit.*, p. 29. See also Elizabeth Wheeler's similar statement, p. 113. Further illustrations of this relationship will be found in Brittin, *op. cit.*, or in Anna E. Van de Carr, "Work of the Welfare Manager," National Civic Federation, Employers Welfare Department, *Conference on Welfare Work* (January, 1911), p. 357.

⁴⁹ Nathan, *op. cit.*, p. 2100. See also, *Social Service*, Vol. 10 (July, 1904), news item on p. 10 for a similar comment.

her answer "to try to point out the best course in each case."⁵⁰ In the words of another contemporary writer, the social secretary "may find it necessary to speak to a girl about keeping herself neat and clean She may have to ask a man why he comes in every morning sleepy . . . point out . . . the advisability of keeping better hours."⁵¹ Henderson reported that one company's agent aided employees with marital problems.⁵² The social secretary at Siegel-Cooper is described⁵³ as a "guide, philosopher, and friend to thousands of girls," who could always depend on her sympathy and counsel. She was characterized as "an inspiration," who taught the girls "household duties" at her own home.

Interest in the employee's private life became an integral part of the work. Cranston remarked, in talking about the duties of the position:⁵⁴

It is the duty of a social secretary, . . . also to obtain sufficient knowledge of [an employee's] private life to be a real help in time of trouble. There are times when wise advice and a little financial aid . . . will tide a girl over a crisis.

By 1904, employee problems were, in fact, beginning to receive detailed *individual* description in the literature. Here is how Tolman began an article about the social secretary published in that year:⁵⁵

I don't know why I should come to you with my trouble but the other girls on my floor have told me how you were nice to them, so I thought I would come, for I've got to tell someone.

Needless to say, the problems and the plan of assistance are detailed for the reader. Other instances of similar individual problems are recounted. This article is in marked contrast, in its stress on the individual, to the pieces written by Tolman in *Social Service* or in *Century* in 1900.

From the first then, the social secretary was at the focus of welfare work.⁵⁶ Custody of the ameliorative and elevating effort re-

⁵⁰ Tolman, "The Social Secretary," p. 598.

⁵¹ Dorr, *op. cit.*, p. 239.

⁵² See *Citizens in Industry* (New York, 1915), p. 33.

⁵³ Cook, *op. cit.*, p. 239.

⁵⁴ Cranston, *op. cit.*, p. 490. See also Isabel Nye's account to the National Civic Federation *Welfare Conference*, 1904, p. 109, for a similar expression.

⁵⁵ Tolman, "The Social Secretary," pp. 594 ff. Cranston, *op. cit.*, also contains "cases."

⁵⁶ Those meeting at the first Conference of the Welfare Department of the National Civic Federation in 1904 "objected" to the designation "social secretary" (see p. viii). Instead, the term "welfare secretary" was preferred and

sulted naturally in advising, both in reference to on-the-job and private matters.

In a field so new, it was manifestly impossible to establish well-defined qualifications for those in the occupation. It is not possible to say what training and qualifications the social secretaries possessed, and the very few descriptions or histories that are available show no consistent pattern.⁵⁷ Henderson's evaluative comment is of interest here:⁵⁸

It is evident that there can be no such profession as that of a "social engineer" or "welfare secretary" in any general sense. The employers must determine for themselves, . . . what they wish to do, and then they much employ some . . . qualified person There is no one "science" or "art" which can be mastered in preparation for all kinds of welfare work.

In specifying what attributes a welfare officer needed, Beeks (1905) referred both to personal qualities — tact, common sense, and the like — and to information about labor and industry.⁵⁹ She suggested that these could be acquired by reading and by conferences with experienced welfare workers. Practice was also recommended here as part of the education. Equally interesting is her idea that a "specialty, such as medicine, engineering, architecture, domestic science, or trained nursing," would be "highly desirable." Clearly, many different backgrounds might serve to produce a competent secretary.

The general nature of the work suggests that many of the secretaries probably had backgrounds in philanthropic and social work. Nye specifically noted this aspect of her own experience.⁶⁰ For some time prior to the turn of the century, the YMCA had operated in the industrial field, most notably in the railroads.⁶¹ By 1904, this organization was actively training people for these jobs.⁶² On the

this seems generally to have become the term used. By 1915, both "social" and "secretary" seem to have disappeared.

⁵⁷ Seven brief personal histories of social secretaries will be found in Henderson's *Citizens in Industry*, pp. 273-276.

⁵⁸ *Ibid.*, pp. 279-280.

⁵⁹ Gertrude Beeks, "The New Profession," *National Civic Federation Review*, Vol. 1 (Feb. 1, 1905), p. 12.

⁶⁰ Nye, *Conference on Welfare Work*, 1904, p. 105. See also Pearl E. Wyche (Social Secretary, Proximity Manufacturing Co.) who observed that she had studied for the job at the Institute of Social Service and at *settlement houses*. "In a Southern Factory," *Social Service*, Vol. 9 (July, 1904), p. 6.

⁶¹ Gilman, *op. cit.*, p. 280, or Henderson, *op. cit.*, pp. 297-298. In fact, the origin of the term secretary may have come from this field.

⁶² *Conference on Welfare Work* discussion beginning on p. 82. See also United States Bureau of Labor Statistics, *Bulletin* #250, pp. 122-123.

other hand, some of the social and welfare secretaries were, in all probability, only respectable, mature men or women known to the employer or management officer. And there was a small number of medical professionals.⁶³ In fact, as early as 1901, the Colorado Fuel and Iron Company created its Sociological Department to deal with some of the usual welfare matters. To head it, the management appointed R. W. Corwin, M.D.⁶⁴

A consideration of these various historical circumstances leads to the conclusion that employee counseling, today considered one of the "newer" professions, was widely practiced, in varying forms and often with considerable refinement, early in the twentieth century. The content of early practice sheds light on more recent developments and serves to accentuate recent achievements and innovations.

⁶³ See *Conference on Welfare Work*, p. 323; Cranston, *op. cit.*, pp. 491-492; Bureau of Labor Statistics *Bulletin* #250, pp. 15 and 123; William H. Tolman, *Social Engineering*, pp. 57-58.

⁶⁴ See Richard W. Corwin, "Social Betterment in the Rocky Mountains," *Social Service*, Vol. 4 (Dec., 1901), pp. 220-225; and Lawrence Lewis, "Uplifting 17,000 Employees," *World's Work*, Vol. 9 (March, 1905), pp. 5939-50.

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A Journal for Company Histories and Entrepreneurial Biography¹

¶ The following article served to introduce the first issue of Tradition, a German journal of business history, in October, 1956. It constitutes a review of business history generally, with particular reference to progress and ideas in Germany, notes of efforts in other Continental countries, and comparative references to American progress. Guideposts are set up both for the journal and for scholars active in the field. These illustrate certain unique problems facing German historians, but at the same time emphasize the existence of broad agreement among business historians on basic goals and operating methods. Reprinted in translation through the courtesy of Tradition and of Professor Wilhelm Treue, Editor.

Albeit lacking the talents and requirements of a writer I modestly set forth these events according to the truth, faithfully and without adornment, hoping sincerely that God may, in His Grace, continue to bestow his blessings on and protect this work and all those that are part of it.

Johann Friedrich Trautscholdt
Oberfactor

Lauchhammer, August 1825

This sentence concludes the preface to the book on the *Geschichte und Feyer des 1. Jahrhunderts des Eisenwerkes Lauchhammer, Schloss Mückenberg am 25^{ten} August 1825*.² This is the very first company history in Germany or elsewhere, and it is to this date that we can trace the *TRADITION* of scholarly sound company histories. Entrepreneurial biographies, however, are much older.

¹ "Eine Zeitschrift für Firmengeschichte und Unternehmerbiographie," *Tradition*, Vol. I, No. 1 (October, 1956). Here in the title and throughout the article the German term *Firmengeschichte* has been translated by the term in American usage: company history. Since this is merely a matter of usage it will be sufficient to point out here that, of course, a company history is a history of a firm which need not necessarily be a company in the sense of being a corporation.

² "History and anniversary celebration of the first century of the Lauchhammer Ironworks, Schloss Mueckenberg, the 25th of August 1825."

They originate with the first detailed and reliable reports on Jacob Fugger in Germany and Jacques Coeur in France.

Company histories are valuable for research and business only if they are written in a sound, scholarly manner. Today such writing has progressed to the point, particularly outside Germany, where one may consider it to be an essential part of general history. In the United States the company historian has acquired professional status. His task has recently been described in these words: He is to show the interrelation and interaction between the activities of individual business enterprises and general social change. This goal can be pursued, so this spokesman continues,³ by studying a group of businessmen within *one* line of business, through the study of *different* enterprises in a particular geographic region, or by relating the policies pursued by business firms to specific traits of the American people – the willingness, for example, to work hard for the sake of improving their living standards and the like.

In the United States particularly, but also in certain European states, e.g., in England,⁴ there are a considerable number of company histories and entrepreneurial biographies, forming an essential part of general historiography. The point has even been reached where the study of many individual company histories permits a circum-spect advance to the next higher stage, i.e., the history, even the intellectual history, of whole sections⁵ of the economy. All this notwithstanding, business history in the United States is very much younger than in Germany.⁶

Fritz Redlich, in a study originally appearing in English,⁷ but soon available in German, has been able to trace the development of German business history back over one hundred years to the History of Lauchhammer, quoted earlier. In the United States, for a variety of reasons, no such long development can be found.⁸ On

³ R. Richard Wohl, *The Business History Review* (June, 1954).

⁴ For example the two-volume history of Unilever and the history of the Union Castle Line from which, in this issue, a few important passages have been reprinted in translation.

⁵ An example would be Thomas C. Cochran, *Railroad Leaders 1845-1890, The Business Mind in Action* (1953).

⁶ Cf. Fritz Redlich, *American Business History*, "Vierteljahrschrift für Sozial-und Wirtschaftsgeschichte," Vol. 38, pp. 247ff.

⁷ Fritz Redlich, "The Beginnings and Development of German Business History," Supplement to *Bulletin of the Business Historical Society* (Sept., 1952). [One chapter from this history of German business history will appear in translation in this journal.]

⁸ Impressive, and frequently quite important studies should be noted, how-

the other hand, in Germany the problems of business history have remained the concern of individuals and a few small groups revolving around Professors Däbritz and Kuske, while in the United States decisive steps forward were taken as long as thirty years ago. In 1925 the Business Historical Society was founded and in 1927 the first department of business history was established at Harvard University. The *Journal of Economic and Business History* was first published in 1928. These are the beginnings of a branch of research that has decisively resisted all temptations of commercialization, particularly the pressure to become involved in economic, political, or advertising hack writing. Today this research is generally recognized and bears fruit year after year. In 1956 there appeared, for instance, *Pioneering in Big Business*, Volume I of a series devoted to the history of the Standard Oil Company of New Jersey. Extraordinarily significant for economic and political reasons, it is a beautifully turned out book by R. W. and M. E. Hidy. There is no doubt that, while German business historiography, based on the methods of German historical scholarship, once led the way, today this branch of historical research and historiography is, for various reasons, decidedly more advanced in the United States. The stage where many independent individuals worked in isolation has passed. Today many researchers work under the stimulus and incentive of large groups that are firmly established and recognized in the world of scholarship and business. Evidence of the recognition that business history has attained among the social sciences is provided by the fact that this year the Harvard Graduate School of Business Administration is issuing its 30th Volume of the *Business History Review*. Furthermore, the Harvard University Research Center in Entrepreneurial History, which has been supported by the Rockefeller Foundation since 1948, has been publishing *Explorations in Entrepreneurial History* for eight years.

On the European continent there is also a growing number of institutions that ever more forcefully attack tasks in business history and entrepreneurial biography within the general framework of national history.

For the territory of Switzerland the *Verein für Wirtschafts-historische Studien* in Zürich⁹ is very active, both in the field of re-

ever. These appear in *The Chronicle of the Early American Industries Association, Inc.* This journal was in its ninth year of publication in 1956.

⁹ There is a report on this (Association for Studies in Economic History) in this issue [of *Tradition*] by Dr. Hans R. Schmid.

search and adult education. It publishes the series *Schweizer Pioniere der Wirtschaft und Technik* of which three volumes of biographies have appeared so far.

In France generous state aid promotes business history and utilization of firm archives. The government archives defray the cost of voluntary storage of parts or whole archives, make microfilm copies, guarantee secrecy according to the rules applying to government archives, and so on. In addition there has been published for some time now an extremely stimulating and varied Bulletin by the *Centre de Recherches pour l'Histoire des Entreprises* in Paris.

Finally the Danish Business History Archive of the *Erhvervsarkivet* in Aarhus should be mentioned. It is the only one of its kind in Scandinavia, and since 1949 it also has been publishing its own yearbook, which contains valuable contributions. So far, for linguistic reasons, this has remained practically unknown.

In Germany, to this day, there is neither an institutional center nor a journal exclusively or predominantly devoted to research in business history or entrepreneurial biography. That is, with the exception, of course, of the *Rheinisch-Westfälische Wirtschaftsarchiv* and the contributions in the *Schlesischen, Pommerschen, Badischen* etc. *Lebensbilder* which are, however, strictly limited to a specific region. Business historians and entrepreneurial biographers, therefore, are rarely in the position to publish research notes, excerpts from larger works, documents of general interest, such as charters, shop regulations, and wills, i.e., those items that occasionally transcend pure historical interest and may have considerable political importance.

The Journals that do exist, the *Historische Zeitschrift* and the *Vierteljahresschrift für Sozial und Wirtschaftsgeschichte*, are leading publications, internationally renowned with a long tradition. They have, from the outset, set goals for themselves essentially outside the framework under discussion.

Recently several lectures of significance to the historian have been published in the *Vortragsreihe des Deutschen Industrie Instituts*.¹⁰

¹⁰ The following will serve as examples: Wilhelm Steinberg, *Hundert Jahre Unternehmertum im Ruhrgebiet* [Entrepreneurs in the Ruhr during the last Hundred Years], No. 46 of the *Vortragsreihe* (lecture series), 2/17/52. Fritz Pudor, *Wirken und Erbe eines Unternehmers* [The Work and Heritage of a Business Leader]. (Harkort, the machine builder and railroad pioneer), No. 49, 12/17/53. Jacob Herle, *Der Weg zum Reichsverband der Deutschen Industrie* [The Developments Leading Toward the Reichs Association of German Industry], No. 1, 1956.

Such a series, however, can not be nor should it be a substitute for a journal of the kind suggested above.

In agriculture a much greater degree of historical consciousness has always been present. Therefore, wherever economic facts and factors have formed part of general historiography, of the exposition of politics, states, dynasties, and so on, material from agricultural history was used first and foremost. Modern industry, created through the grandiose process of the Industrial Revolution, has never thought in historical terms, never lived in close contact with the past. Only after considerable time did it accept, with distrust and hesitation, the connection with its own past. The second part of Fontane's words "Loving the old, live for the new" has always been better understood and accepted than the first. Even today one quite frequently finds an open hostility to history on the part of businessmen. The roots lie in a kind of superstition and conceit on their part. This is most pronounced in enterprises that lack an old family tradition.

Much has been written in recent years on German business history and entrepreneurial biography.¹¹ The list of publications discussing the relationship of social sciences and humanities — particularly philosophy — to technology and economics is becoming ever longer. Some of this material is written with an historical, some with a different slant, and the quality of these writings is highly uneven. Many of these writings, however, could have a considerable influence on the attitudes toward history held by contemporary businessmen. Two lectures by leading philosophers can be mentioned in this context. R. Guardini,¹² who can be regarded as a humanistic pessimist, asserts that man is becoming ever more imperfect, that "understanding of the essential, comprehending the *Gestalt*, experiencing the meaning and significance [are becoming] ever weaker," the more he gains in "intellectual control" and the more "the scientific and

¹¹ Cf. Fritz Redlich's work cited above. By the same author: *Entrepreneurship in the Initial Stages of Industrialization (with Special References to Germany)*, *Weltwirtschaftliches Archiv*, Vol. 75, 1955. Also: Wilhelm Treue, *Deutsche Wirtschaftsführer im 19. Jahrhundert* [German Business Leaders in the Nineteenth Century], *Historische Zeitschrift*, Vol. 167, 1943; by the same author: *Firmengeschichte*, *ibid.*, Vol. 172, 1951, and *Die Bedeutung der Firmengeschichte, für die Wirtschafts- und die Allgemeine Geschichte* [On the Significance of Company Histories for Economic and General History], *Vierteljahrsschrift für Sozial und Wirtschaftsgeschichte*, Vol. 41, 1954.

¹² R. Guardini, *Der unvollständige Mensch und die Macht* [Partial Man and Power], Lecture delivered at the general assembly of the Verein deutscher Eisenhüttenleute [German Iron and Steel Association], Düsseldorf, 11/4/55, published in *Stahl und Eisen*, Vol. 75, 1955.

technical achievement of modern man attains gigantic proportions." At one point in his lecture he says: "Knowledge grows, truth declines." Around the same time and on a comparable occasion, as if in response, Theodor Litt¹³ declared: "It is a fundamentally unhealthy situation for an age that bases its very existence on natural science and technology if, under these conditions, certain widely read writers, *ex cathedra*, disdainfully criticize this basis. A contradiction of this kind, a contradiction between the actual condition of an age and its self-evaluation may have alarming consequences."

Such discussions and controversies in the realm of philosophy and *Weltanschauung* have profound effects. They induce pause and contemplation and force people, fortunately, to evaluate not merely present and future but origin and history of the man and his works, not least in the field of business history. It is no coincidence that scholars like Litt and Guardini addressed their words to groups of top-ranking leaders of important industries.

Returning to our own journal: if possible it should provide space also for such discussions. The history of a firm is more than merely a collection of annual reports, statistics, and tax returns, and the biography of an entrepreneur must not be confused with a bare enumeration of dates from the busy life of a man. Both histories have roots deeper in philosophy, in the *Zeitgeist*, in the total existence of people and state, in national and international spheres. Important stimuli and inhibitions for the individual originate in these wider spheres.

Where then is the "material," where are the "sources" for business history and entrepreneurial biographies? For one, they lie in the general history of peoples and states. Every man with his work lives in the totality of the larger political, economic, and cultural unity of his time. Whoever neglects this aspect will end up with only a very poor "history," ultimately distorting and falsifying the subject or person about which he writes.

If we put the question more narrowly, where are the documents, the source material proper for a company history, a monograph, or a biography?

¹³ Th.Litt, *Technischer Fortschritt und menschliche Freiheit* [Progress in Technology and the Freedom of Man], Lecture delivered to the Arbeitskreis für Unternehmerfragen [Committee on issues in Entrepreneurship] of the Verband der Nordrheinischen Textilindustrie [Association of the North-Rhine Textile Industry] in Düsseldorf, 11/22/55, Vortragsreihe des Deutschen Industrie-institutes [Lecture Series of the Institute of German Industries], No. 7, 2/13/56.

The answer lies in the several archives of government and business, private or public collections. Dr. Richtering has recently explained,¹⁴ using the government archives of Münster as an example, how extensive, important, and surprisingly valuable and interesting the materials in government archives can be for studies in business histories and entrepreneurial biographies.

A second place where material may be found, if it has been collected and not destroyed by war or fire, is the archives of the company or plant. Here is the place where, normally, the historian begins his work. Included here may be private collections of papers accumulated over long periods of time by owners and/or leading executives of the firm. In the course of time, fortunately, there has accumulated a considerable literature on the firm archive.¹⁵ This proves that there is ever greater concern for this part of an enterprise, important not only for the historian, but also for management and policy-making. One has learned to see that such an archive is no luxury, that archivist and archives, on the whole and from a

¹⁴ Staatsarchivrat (title) Dr. Helmuth Richtering, *Firmen und wirtschaftsgeschichtliche Quellen in Staatsarchiven* [Sources for Company Histories and Economic History in Government Archives], Lecture delivered at the Arbeitstagung der Arbeitsgemeinschaft rheinisch-westfälischer Werks- und Wirtschaftsarchivare [Meeting of the Association of Rheinisch-Westphalian Archivists of Business and Commerce], Dortmund, 3/26/56. The lecture will be published by the Gesellschaft für Westfälische Wirtschaftsgeschichte [Association for Westphalian Economic History].

¹⁵ Beginning with the first pioneering study by Karl Burhenne, *Betriebsarchiv*, 1908, I mention only a few: A. Roth, *Betriebsarchive und Entwicklungskunde* [Firm Archives and Developmental Studies], 1922; Fr. Natalis, *Technische Betriebsarchive* [Technological Firm Archives], 1931; Fr. Heintzenberg, *Das Siemensarchiv und das Siemensmuseum* [The Archive and the Museum of the Siemens Firm], 1953; H. Lohberg, *Aufgaben, Aufbau und Tätigkeit des Historischen Archivs der Gutehoffnungshütte* [Tasks, Organization and Activities of the Historical Archive of (ironworks) Gutehoffnungshütte] in "Der Archivar," No. 3, 1953; S. von Weiher, *Das neue Siemensarchiv und Siemens Museum in München* [The New Archive and Museum of Siemens in Munich], 1954; P. H. Mertes, *Das Archivwesen der Wirtschaft* [Archives in Business] Vortragsreihe des deutschen Industrie-institutes [Lecture Series of the Institute of German Industries], 2, 1954; by the same author: *Archivgutpflege und Unternehmungsgeschichte* [Maintenance of Archives and Company History], Mitteilungen der IHK Dortmund [Bulletin of the Chamber of Industry and Commerce IHK in Dortmund], 3, Dortmund, 1954. See also: *Die Pflege der Firmengeschichte* [Cultivation of company historiography], Article in "Der Unternehmerbrief," No. 21; *Ein gutes Archiv macht sich bezahlt* [A Good Company Archive Pays for Itself], Article in the "Industriekurier" 3/20/54; *Die Geschichtliche Entwicklung der deutschen Industrie Archive und Werkzeitschriften* [The Historical Development of German Industry Archives and Company Papers (house organs)], article in "Informationsdienst der Wirtschaftsvereinigung Eisen- und Stahlindustrie," No. 195, 1953.

business point of view, earn more than both of them together cost. The museums and collections that some large enterprises have established in addition to the archives more narrowly defined, such as for instance the Siemens Museum in Munich, may be included in this category.

This is not the place to discuss development, form, and content of a modern company archive. This is a wide field and transcends the possibilities of any introductory article. In the composition of such an archive far more is involved than the question of whether to file according to subject matter or according to the department in which the documents have originated. In the last analysis what is involved is the individuality of the firm for which the archive is established and which it must serve. Our journal plans from time to time to deal with this question from various sides, and hopes to stimulate archivists to discussion and aid them in their work, in which they are often inadequately appreciated.

No more than mention can be made of the plenitude of printed materials with value for business historical studies. There is the whole range from the first printed price list to the statistical yearbook of the state, through birth, wedding and death notices, patent applications, annual reports, and clippings from journals and papers of which complete volumes are usually no longer available. Frequently the house organ or company paper may be a "source" in the sense that here are published memoirs of members of the company that would not be preserved elsewhere. In some cases documents have there been reprinted in facsimile that have in the meantime been destroyed by the war. For the historian the house organ, in this sense, is closely related to the firm archive,¹⁶ and our journal

¹⁶ From the literature on company papers I cite only the following: L. H. A. Geck, *Aus den Anfängen des deutschen Werkzeugzeugwesens* [The Beginnings of German Company Papers], *Jahrbuch für Nationalökonomik und Statistik*, 150, 1939; Adalbert Frensdorff, *Werkzeitschrift und Werkarchiv müssen zusammenarbeiten* [On the Need of Cooperation between Company Paper and Company Archive], Lecture delivered 9/4/53 before the Arbeitsgemeinschaft der Werkschriftleiter innerhalb der Wirtschaftsvereinigung der Eisen- und Stahlindustrie; Henry S. Angelo, *Werkzeitschriften in der industriellen Demokratie* [Company Histories (the role of) in Industrial Democracy], Lecture delivered before the third international congress of Werkschriftleiter [editors of company papers] in Copenhagen, 8/22/55, Vortragsreihe des Deutschen Industrieinstitutes [Lecture Series of the Institute of German Industries], No. 37, 9/12/55; Hans Constantin Paulssen, *Die Werkzeugzeitung im Dienst des sozialen Friedens* [The Service of the Company Paper in Maintaining Peaceful Labor Relations], *loc. cit.*, No. 49, 12/5/55. See also: the publication "A. S. B. Sonderdienst für Werkveröffentlichungen" [Special series on Company Publications], issued by the Arbeitsgemeinschaft für soziale Betriebs-

will have to give attention to the history and importance of such publications.

It is well-known that pictures are an extraordinarily important source.¹⁷ Pictures are frequently the only available means for the identification of persons or things. Here again, cooperation of firm archivist and historian with state and other public archives or museums is extremely valuable. Consider, for instance, the large, extraordinarily well-stocked library and portrait collection of the Deutsche Museum in Munich, directed by Friedrich Klemm. In a subsequent issue of this journal, the importance of film and sound tape as sources will be discussed.

There is also a natural and close connection between regional history and company history. Recently Franz Lerner¹⁸ has given impressive examples of the "advantages that regional historical research can, under certain conditions, derive from such work, presuming, of course, that an historically trained author of a company history will take into account the local and territorial histories available. A reciprocal cooperation should arise as a matter of course, but, regrettably, this has so far been only an exception." That the writing of company histories and regional history can be fruitfully and usefully combined is well demonstrated by the *Wirtschaftsgeschichtliche Forschungstelle e.V.* in Hamburg under the direction of Dr. E. Hieke. A fine series of valuable and in part extensive works from both areas have appeared there.

So far we have emphasized company histories. For the biographer of the entrepreneur, in the widest sense, for the historian of business, a first-rate modern scholarly resource is about to appear. The *Neue Deutsche Biographie* does not only replace the *Allgemeine Deutsche Biographie*, formerly edited by R. von Liliencron in a more modern format, but it is becoming, under the editorship of Prof. Dr. Graf von Stolberg-Wernigerode an entirely new biographical collection. It contains a very extensive, dependable bibliography, complete with well-documented pictures and other features.¹⁹ Dr. Wülfrath

gestaltung [Committee on Social (-ly desirable) Organization of Industry], which reported, for example, on the *Tagung für Werkarchive und Werkgeschichte* [Meeting on Company Archives and Company History] in Neckarsteinach in its issue No. 3, Vol. 6 (4/30/56).

¹⁷ Erna Patzelt, *Das Bild als Quelle der Wirtschaftsgeschichte* [Pictures as source material for Economic History], "Archivalische Zeitschrift," 1954.

¹⁸ Franz Lerner, *Firmengeschichte und landesgeschichtliche Forschung* [Company Histories and Research in Regional (State) History] in "Blätter für deutsche Landesgeschichte," Vol. 91, 1954.

¹⁹ The latest publication of Walther Herrmann, *Über Unternehmerbiog-*

has made a breakdown of the content of the first two volumes and found that out of a total of 2,968 articles 476, i.e., 16 per cent have been devoted to business leaders. It may be regretted that by contrast 29 per cent are devoted to men and women in humanities, social sciences, and arts and letters, 22.8 per cent to military men and politicians, 16.3 per cent to theologians and churchmen and finally 15.9 per cent to the men in the natural sciences and in medicine. To us of the twentieth century it seems that "business men" rate more than 16 per cent. But it must be borne in mind that the *Neue Deutsche Biographie* is to cover the whole history of the German people, including those early centuries in which there were, indeed, many politicians, military men, and theologians, but no individual businessmen of rank and stature. Furthermore, there must be some overlap between men important in social and natural sciences, if you think of Abbe (the builder of the Zeiss Optical Works, formerly in Jena), for example, who ranked equally as businessman and engineer. However that may be, in the first two volumes there are already nearly 500 biographies from the field of business. They are written by competent historians who have drawn on all public and private sources. As a consequence these articles represent responsible and reliable biographies offering valuable material on many historical and contemporary issues. They will provide substantial aid in clarifying facets of the businessman, his education, participation in politics, connection with other families prominent in business, science, or the arts, and for many other areas.

The cooperation of management with company and state archivists and the historical researcher will help to intensify historical consciousness. The growing interest in business history and entrepreneurial biography, the uncovering of ever new quantities of pertinent material will strengthen the awareness of the close ties of generation to generation. Altogether this will help to increase the consciousness among employers and employees of historical continuity, of the steady rise "from below" of craftsmen and peasants and the continued descent "back down" of the unfit and the unfortunate. It will show that in history there is no such thing as a natural struggle between sharply defined classes that are homogeneous and clearly defined once and for all.

These last remarks will make it clear that in the Soviet-occupied Zone of Germany under a Communist government there can be no

rafien [On Biographies of Entrepreneurs], *Zeitschrift für handelswissenschaftliche Forschung*, No. 8, 1956, refers to this topic.

company histories and entrepreneurial biographies claiming scholarly integrity. In parts they may be correct and they may relate facts of value to the researcher. Their basic conception cannot help but be slanted and distorted. Future issues of this journal will discuss this literature. This is not merely a question of history distorted by political aims; it is contemporary politics using economic history as a political weapon.

In spite of this fact, or perhaps just because in the Communist part of Germany so much political weight is attached to economic and business history, there was issued there in 1954 (under official auspices as Number 4 of *Schriftenreihe der Staatlichen Archivverwaltung*) an *Aktenkunde der Wirtschaft*, by the well-known historian of the city of Halle an der Saale, Erich Neuss. Fundamentally this work is excellent and it must be regretted that in the Federal Republic no comparable work has appeared where it could have been written without any political bias. It would be highly appreciated if Richter's lecture, mentioned above, might lead to such a work.

The businessman, quite rightly, tends to inquire after the business value of any arrangement. He may ask in a very narrow fashion or he may possess a wider perspective and accordingly find the answers he receives satisfactory or not. He will probably want to know what value there is in business history for business, in company history for the company. As is to be expected, this question has been asked and answered most decisively in that country where most work is done on company histories, in the United States. There it has been demonstrated convincingly that the concern for the past, the presentation of the company history, the care for the tradition of the businessman has considerable value for business in advertising and public relations. In addition, a detailed and careful investigation²⁰ has been made on motivations for writing a company history in the first place, how the authors were chosen, what goals the history was to achieve, what were the effects of such company histories on the employees, customers, and firm associates, and the expenses involved in each case. If we look at this last item alone, two conclusions are particularly interesting. First, the actual costs. Out of the 33 company histories published in recent years, about which data are available, 11 or exactly one-third were works for

²⁰ James H. Soltow, "The Business Use of Business History," *Business History Review* (Sept., 1955). See also Edward W. Miller, *Essays in the History of Entrepreneurship* (1952), which affords a good insight into the methodology of Harvard-trained business historians and biographers.

popular consumption. One of these cost \$10,000 or less, three between \$11,000 and \$20,000, two from \$21,000 to \$30,000, three from \$31,000 to \$50,000, none were in the \$51,000 to \$75,000 class, and two cost more than \$76,000. No less than 19 were judged scholarly or adequately detailed and these were distributed in the price categories as 2, 2, 7, 2, 3, 3, with a definite cluster in the \$20,000 to \$30,000 class. Three company histories i.e., one-eleventh, were written by persons in or close to the firms and their costs were in the second, third and fourth groups. It is to be regretted that comparable inquiries for Germany do not exist.

Even more interesting and instructive is the second conclusion that Soltow reaches, namely, that a popular history usually costs as much or more than a scholarly one. In three instances where he is able to compare the price of a popular history, written by a magazine writer for example, with that of a history written by a scholar, he shows that a popular history costs up to seven-and-a-half times as much as a comparable scholarly work.

Here again there are no similar inquiries for the cost factor in German company histories. The author, however, has little doubt on the basis of careful inquiries that for Germany also the scholarly history will not only be cheaper but more effective. Only these will be reviewed by the press and the journals and thereby become known to persons that would not ordinarily see the work itself. Only the scholarly work, furthermore, is timeless in character and has lasting effects. The popular work, obviously tied to the day, the season, or the anniversary has to be constantly updated and re-written. It therefore always carries the mark of the superficial and hasty. Among those company histories in Germany written a generation or two ago that are still significant, often representing enterprises no longer even in existence, there is not a single "popular" account. The externals (format, typography, and illustrations) of these scholarly works may be badly out of date, but the content is timeless and reliable and pertinent to such an extent that, for instance, the recent, extensive history of an important German mining enterprise could be extensively based on such an older work.

German discussion on the problems of "business history and practice," begun only recently,²¹ has combined wide perspective and

²¹ Ludwig Beutin, *Die Praxis und die Wirtschaftsgeschichte* [Business History and Business Practice], Vortragsreihe der Gesellschaft für Westphälische Wirtschaftsgeschichte [Association for Westphalian Economic History], Lectures No. 3, 1955.

questions of detail in interesting and stimulating fashion. Space prohibits a detailed discussion of the way in which business histories or groups of company histories can throw light on important contemporary political issues. In his research the historian unearths much that the businessman living in the present and for the future does not and can not know. Much light can be shed on such issues as shortening of hours, social security, codetermination right, the civic importance of the businessman for society in larger and smaller regions, the relationship of economics and politics, and many others. These findings will never be ready-made prescriptions. Different circumstances require different measures. But they can be valuable in stimulating ideas and imparting direction, if one bothers to learn about them. Not everything, indeed, has its precedent, but neither is everything as new and unique as is frequently believed. One might prevent many a mistake and avoid many a blind alley if the historian, the serious researcher in business history, were consulted, presuming of course that he has had free access to all existent material in the archives.

Questions regarding such matters as ethics and business²² are as old as business itself and many interesting and thought-provoking interpretations have been formulated over the centuries. The question as to the relation of business to education,²³ extremely acute today, has concerned the businessman ever and again since Jacob Fugger. The matter of patronage of arts and letters has also occasionally led to a subtle and delicate triangular relationship with the state as the third partner. Josef Winschuh has recently issued a series of his lectures and articles²⁴ produced during the past decade in a single, highly stimulating volume. Although devoted to problems acute at the time of writing, these selections are still valid because they have their roots deep in economic, business, and entrepreneurial history. This work combines the contributions of entrepreneur, the enterprise, and the historiographer; the conjunction leads to profound insights and sweeping perspectives all the more valuable because written with objectivity and detachment.

²² Ernst Joachim Dohnany, *Das Ethos des unternehmerischen Standes* [The Ethics of the Business Profession], Vortragsreihe des Deutschen Industrieinstitutes [Lecture Series of the Institute of German Industries] No. 45, 11/7/55.

²³ Hans Helmuth Kuhnke, *Wirtschaft und Bildung* [Business and Education], in "Aktuelle Betriebsfragen," No. 24, 1955.

²⁴ Josef Winschuh, *Das neue Unternehmerbild, Grundzüge einer Unternehmerpolitik* [The New View of the Business Leader, Outline of a Business Policy], 2nd ed., 1955.

The topics Wenschuh treats of in this book are the concern both of the practitioner and the historian of business. The questions he asks and the issues he raises: "Can entrepreneurship be taught?", "Too much or too little government?", "Property sharing, a new slogan," "The good fortune of having a genuine entrepreneur," can only be answered in a fruitful and satisfactory manner when both businessman and business historian cooperate.

With these few remarks the frame of reference for the new journal, *Tradition*, has been sketched. It is to be a historical journal, not a political one. The intention is to collect material and to make it serve to create an understanding of the history of the capitalist economy in Germany. Strictly from the historical point of view it will treat successes and failures, achievements and weaknesses, hoping, nevertheless, to serve the present and future. Our history is as much part of our life as the present day. A people without history are a poor, uncivilized people whose roots are withering. Whenever a people have tried to deny part of their history they have experienced severe crises and have ultimately been compelled, as if by an inevitable law, to acknowledge and accept the totality of their history. The richer and the more comprehensive such history is, the richer a people are and the healthier are their roots. History, however, is incomplete without economic history, the history of individuals and of enterprises as well as the history of the economy as a whole.

The editor gratefully acknowledges the help and advice of his co-editors Dr. Ernst Hieke, Director of the *Wirtschaftsgeschichtliche Forschungsstelle e.V. Hamburg*, Dr. Friedrich Klemm, Director of the library of the *Deutsche Museum*, Munich, Dr. Paul-Herrmann Mertes, Assistant Director of the *Industrie- und Handelskammer* in Dortmund, Staatsarchivdirector Dr. Friedrich Prüser, Bremen, and Dr. Wolfgang Zorn, *Neue Deutsche Biographie*, Munich. All of us, however, know only too well that this journal will fulfill its task only if it appeals to – and receives the cooperation of – those for whom it is intended, the scholar and the businessman.

TRANSLATOR'S NOTE:

The author of this article would no doubt have been gratified could he have seen the "Selected Bibliography of American and Canadian Company Histories and Biographies of Businessmen" compiled by Lorna M. Daniells and published under the title *Studies in Enterprise* by Baker Library, Harvard University, Graduate School of Business Administration (Boston, 1957).

BOOK REVIEWS

The Australian Wheat-Growing Industry, 1788-1948. By Edgars Dunsdorfs. Australia, Melbourne University Press; New York, Cambridge University Press, 1957. Pp. 547. \$10.00.

This is a formidable book and one needs to be an agricultural economist as well as an historian to do justice in a critical review to the immense amount of work represented by this volume of some 550 pages. One cannot but admit, too, that the reader must also work hard to derive an adequate understanding of this study. Without being unfair to Dr. Dunsdorfs one might say, indeed, that he really attempts two pieces of research, one of economic history and the other of economics, which he would have focussed more clearly had they been presented separately.

The other difficulty about this study of Australian agricultural development derives, on the other hand, from the peculiar conditions of Australian historical studies in general. In the first place it is often impossible to write a specialized study assuming that a sufficient body of secondary knowledge exists to which easy and ready reference can be made. Thus the author here has felt it necessary to attempt, for example, brief analyses of the impact of railway building in Australia and of the opening of the Suez Canal on international shipping in relation to the development of an export industry in wheat. In neither case can he really succeed within the terms of his own reference to demonstrate these points with the necessary precision. Secondly, since government intervention has played such an influential role upon economic development from the foundation of the colony, the historian has not the relatively simple job of describing an autonomous capitalist activity; he is often tempted to stray into discursive irrelevancies upon the personalities and policies of the early governors.

However, there is another consideration, what some economic historians would consider as a positive advantage. It would seem that much of Australian economic history is destined to be written in statistical terms. For, whilst, generally speaking, the quantitative evidence is excellent, there is a marked deficiency of literary sources describing the institutional setting of economic activity. So far, economic historians trying to serve this quantitative method have found statistics a cold, unyielding mistress, not a sympathetic Muse. Dr. Dunsdorfs, however, is not worried about this. Without any apparent irony he writes: "The exploited and obedient wheat-growers have been completely forgotten. If their names were found in some forgotten musterbooks, even then no one would care for them as individuals—their only distinction is to be buried in a more dignified cemetery of statistics."

Nevertheless, the main theme of Part I of the book, according to its author, is the position of the farmer and his social and economic standing in the community. This was determined, first, by the advance of agricultural techniques and secondly, by the industry's markets, both free and subject to official control. Indeed, Dr. Dunsdorfs, like many another writer on agricultural matters before him, is above all concerned with the social significance of rural life, in that he upholds the *mystique* of agriculture. His final word is an article of faith: "... a national culture as distinct from international civilization can

spring up on rural farms and give them missing soul to the glittering body of technical civilization." Well, possibly the soul is an abstraction; however, one could have wished that Dr. Dunsdorfs had attempted to recapture the spirits of some of the Australian pioneer farmers, by sketching their careers, in order to give some life to his book, instead of his unrelieved impersonal analysis.

The second part of the book, incidentally, intended to be of practical significance for long-range future policy, comprises various studies in agricultural economics. The value of Dr. Dunsdorfs' contribution in this field, especially his new method of assessing the cost of production, must be left to those properly qualified to speak, yet this part of the book inevitably casts its shadow over the historical section of the book. When the economist is writing that part we get evaluations like this: "The Period of Insufficient Expansion" or a reference to "satisfactory progress." Obviously, to be meaningful these must refer to some imputed potential of the industry (or to a policy of self-sufficiency in relation to an expanding population). Now it may be argued that implicitly or explicitly the economic historian must have a model in his mind to guide him in his assessment of the forces, natural and human, determining economic activity, and that is why Dr. Dunsdorfs has extensively used regression equations to indicate the association of his variables, but he is in danger of neglecting his primary objective — of studying the past as the past without foreknowledge of the future — if he concentrates on looking down the perspectives of the trend curve.

But the reviewer of a book like this runs certain dangers too. The least service he can usually do is to summarize the contents of the author's argument. Yet that truly is not required here since the author supplies his own précis at the end of chapters. Instead the reviewer will offer the suggestion that Part I be read in conjunction with C. J. King's *50 Years of Agriculture in New South Wales* (Division of Marketing and Agricultural Economics, Department of Agriculture, N.S.W. Government Printer, 1950). That work also has its faults, chiefly the lack of an adequate economic framework, but there will be found the understanding of a writer experienced in agriculture. It is a pity there was not a collaboration between these two authors. What a pity too that Australia, so far, has not produced another Arthur Young to make their task and their readers' more pleasurable. In the present volume, incidentally, there is no bibliography and there are several misprints in the names of authors cited in the footnotes, including Dr. Edgars Dunsdorfs himself.

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The Merchant of Prato: Francesco di Marco Datini, 1335-1410. By Iris Origo. New York, Alfred A. Knopf, 1957. Pp. xxii + 415. \$7.50.

The papers left intact by Francesco Datini contain a fabulous volume of minute detail about the daily tribulations of this merchant of fourteenth-century Tuscany. Francesco was evidently a great believer in the security of the written receipt. He maintained meticulous records of his business and personal life for upwards of thirty years, and never allowed a single one to be knowingly destroyed. His instinct for documentation might be likened to that of a government clerk who knows only too well that the evil eye of the investigator is

exorcised only by little slips of paper. By this date, much of the financial records in the Datini archives have been studied to great advantage by various historians, notably the de Roovers, Bensa, and the Piattolis. Now Iris Origo has drawn up a picture of the man himself in her book *The Merchant of Prato*.

The Datini archives contain some 150,000 letters, a substantial correspondence for any one lifetime. But of course the management of a medieval mercantile business required the letter-writing habit. The distances were great, the transport slow, the activities manifold, and the liability unlimited. Given the complexity and remoteness of the business he had to manage, it is not surprising that Francesco would wish continually to instruct and cajole his partners nor that he would demand thorough reports from them. Mercantile administration in those days required a system of administration by letter-of-instruction. The great value of the Origo book is that it makes use of the personal letters to gain an insight into Francesco's daily life and attitudes of thought.

The reason that personal information is available about Francesco is the really extraordinary fact that for years he and his wife carried on a continual correspondence with each other while they went about their daily life in separate cities. In place of the private discussions about household affairs that went unrecorded among their contemporaries, Francesco and Margherita wrote detailed letters to each other about their *menage*. Thus we have the daily story of his marriage through those painful and hilarious memoranda by which husband and wife carried on their mutual household chores from separate places.

Of course, there are personal reasons distinct from the character of the business and the age that caused Datini to live apart from his wife. His childhood as an orphan, the self-made success in a strange city, the late marriage to a young girl, her childlessness, his return from successful international operations to a small home town: these are the reasons why he should want a mansion in Prato, and why he might move on alone to Florence to see to his business affairs. But nevertheless it is of some significance that Francesco should treat his wife for two decades as a branch manager in charge of domestic affairs. It is also significant that Margherita should assume such a role and manage the Prato mansion with the same care and vexation that his other partners exercised in the business branches in Italy, Provence, and Spain. For the management problem had come to pervade Datini's thinking so deeply that it formed his entire outlook on life and carried in its wake all whom he dealt with.

In fact, much of the interest in the Origo book arises from the picture of a man ruled absolutely by his struggle for control over his business and property. The significant vantage point in his life was the desk in his countinghouse where he wrote to order wool from Spain, wrote to instruct Margherita in her housework, wrote to supervise his country property, wrote to complain about taxes, servants, price changes, workmanship, bills, thieves, and Acts of God. These are the letters of a man whose business affairs are complicated and in continual jeopardy; who feels that everything is just slightly beyond his reach; who has to delegate authority but is most unhappy about doing so; who trusts nothing which he cannot personally attend to. It is the sign of a method of business in which the scope of activity has outrun the means of control. The book shows us, I think, that in the Middle Ages mercantilism, with its considerable complexity and faulty specialization, might have found the administrative problem of supervision to be of greater difficulty than we have realized.

Since Margherita's contract with Francesco was on somewhat different terms than those of his business managers, she did not hesitate to give him a piece of her mind. But all his correspondents protested in one way or another: his wife openly, his legal advisor sanctimoniously, his partners subtly to the degree they dared. The control was never thorough enough for Francesco; it was always too thorough for his associates. It was a long life and an ulcerous one. If it were not for those rich Tuscan dinners and the pretty servant girls there would have been no relief at all from the agony of the writing desk.

The book that Iris Origo gives us is thus an evocative one, well documented and illustrated to preserve the feeling of the time. We know where Francesco obtained his eels and tench and how he cooked them; we know what clothing he wore and what it cost him; we know what servants he had and what he paid them. There is, perhaps, a certain stiffness about the presentation. For example, the letters were written in the colloquial Italian of the time, and the translation uses archaisms like "wots" and "lever" for "knows" and "rather" that are somewhat painful in English. The outside world of historical event is presented, but not as fully as might be desirable. Granted that Datini avoided mixing in with Visconti and Hawkwood, Guelph and Ghibelline, Babylonian Captivity and Pisan Wars. Nevertheless, these events affected him, if only through the Florentine tax rates. We should like to know even more about the political problems of the times.

The book is most valuable for its insight into the ordinary life of a successful medieval executive. Iris Origo has assembled a believable portrait in greater clarity than we can easily find for other personages of the times. It must have been colossal pride in Datini to think that anyone would find the least interest in discussing his affairs after his death. It took five centuries, but he has had the last say for his records have proved to be the most useful of sources for a glimpse into the last years of the *Trecento*.

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American Industry and the European Immigrant, 1860-1885. By Charlotte Erickson. Cambridge, Mass., Harvard University Press, 1957. Pp. x + 269. \$4.75.

Miss Erickson's book is a highly detailed study of the whole position of immigrant contract labor in the years after 1860, and more particularly in the period between the federal sanction of such overseas recruitment in 1864 and its prohibition by the Foran Act in 1885. Concerned as the work is with modes of organization and thought, its title is perhaps more optimistic than exact. For, although it glances at some of the larger, analytical questions in passing and although it pays some attention to the broader issues of the influx of unskilled labor, the study is principally concerned with the "institutional" history of one way of organizing the immigration and distribution of one type of labor. Nevertheless, the content is sufficiently interesting and its implications sufficiently broad (and emphasized) to make the book a significant addition to our knowledge of American industrial development at a period when economic growth was both stimulating (in part) and having to adjust to one of the greatest migrations in modern history.

The book sets out to answer some important questions concerning the supply of labor: how far did industry directly recruit its skilled workers in Europe? What was the role in the great migrations of official and unofficial agencies? To what extent did federal and private (profit or nonprofit) bodies facilitate an efficient distribution of immigrant labor within the United States? What was the reaction of trade unions to organized and unorganized immigration? What factors led to the Foran Act and how was it applied? The picture which emerges is one of contemporary misunderstanding and confusion, of a haphazard and wasteful labor market, of the economic inefficiency and avoidable suffering which resulted from public apathy and private exploitation, and of a growing and tragic concern with restrictionism and racial theories rather than with the need for a rational distribution of immigrant labor to the areas where it could do the economy and itself the most good.

Part I, *The Search for Skill*, examines the post-1860 contract labor system as a method of obtaining skilled workers for American industry. As had always been the case (although the development of "native" skills meant that the incentive was now much less than it had been in the heyday of the indenture system), employers with no other alternative sought specific skills in Europe by subsidizing transportation costs and drawing up long-term contracts. But in general there was an increasingly strong reluctance to invest capital in such a process. For one thing industrialists could rely more and more on unassisted migration. For another, the risks were greatly increased by the uncertainties which surrounded contract labor, the difficulties of enforcing contracts, the tenacious opposition of craft unions. By the same token companies such as the American Emigrant Company, no matter how much they misled European workers with erroneous wage and price statistics, were, in the last resort, unable successfully to recruit contract labor abroad since employers were unwilling to invest the requisite capital in prepaid passages. For industry as a whole a method of recruitment which had served an admirable purpose in the colonial economy of the eighteenth century and in strategic sectors of the early industrial economy, proved hopelessly inadequate for the needs of burgeoning industrial capitalism; expansion came to demand not an augmentation but a replacement of certain skills:

To the American employer, the scarcity of skilled labor, his unwillingness to train it, the difficulties of recruiting it abroad, and the unsatisfactory result in trade unions when he did, combined to recommend a policy of increased mechanization to free him from the demands of the skilled European workman [p. 63].

Parenthetically it should be noted, however, that this was by no means all the story: even had there been no difficulties with skilled contract labor it is likely that the demands of economic growth would have necessitated a wholesale substitution of capital for labor in order to increase productivity.

Part II is largely devoted to the organization of the immigration of unskilled labor. Many union propagandists identified the growth of contract labor with the influx of poorly paid, unskilled migrants who found work in mine, factory, and construction gang in the postwar decades. That this was a fallacy is easily demonstrated by the author. It was true that railroad land companies and steamship agents played an important role in stimulating emigration from Europe, and often tried to ease their task by sketching roseate pictures of the job

opportunities in America. But this was far from arranging contract labor and in any case the immigrant's letter home, the "America letter," "was probably equal in importance to all the formal agencies in impressing on the European the opportunities which awaited him in America." [P. 68.] On this side of the Atlantic private labor bureaus handled masses of immigrants, and Miss Erickson delineates their operations comprehensively, but, as she indicates, *their* starting points were the eastern seaports or Chicago. What, then, conditioned the thought of organized labor? On the one hand there was extensive use of immigrant labor for strikebreaking. On the other, the American craftsman equated, however erroneously, the mechanization which rendered his skill redundant with the immigrants who tended the new machines. Both tendencies merged in a stream of thought which, initially aiming to wash away contract labor, came to empty into the sea of immigration restriction and the quota system.

Part III describes the factors surrounding the enactment of the Foran Act. The statute itself was largely the result of efforts of Local 300 of the Knights of Labor, the Window Glass Workers, who had a real grievance concerning the import of skilled contract labor from Europe. But the anticontract labor group, in a move of sheer political expediency, appealed to restrictionist and racist sentiments by equating contract labor with the influx of poor unskilled immigrants—mainly from south and east Europe. The employers, aware of the unimportance of real contract labor, were indifferent to the Bill or gave specious lip service to the doctrine of protecting American labor against cheap importation. The Act itself, in spite of many revisions, proved inefficacious or was wrongly applied to cheap, unskilled labor; nonprofit agencies were unable to secure any rational or fair channeling of immigrant workers to industry; and organized labor found itself on the slippery path which led towards the quota system.

This story can be considered as yet another chapter in the history of an abundance of resources so great that sheer waste and confusion did not prevent the achievement of industrial success. Miss Erickson's book demonstrates, although obliquely, that the great waste of natural resources was matched by a great waste of human resources in the lusty period of American industrial adolescence. Basically the book is a painstaking study of an organization which was lacking, an institution which failed to fulfill any significant purpose. But negative conclusions about the labor market, like negative conclusions in general, are not necessarily the least important ones.

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Alexander Hamilton, Youth to Maturity, 1755-1788. By Broadus Mitchell. New York, The Macmillan Company, 1957. Pp. xvi + 675. \$8.75.

This book is the first volume of a projected two-volume biography of Alexander Hamilton which promises to be the best one available. It does not, however, promise to pre-empt the field. The definitive biography of Hamilton, like the definitive history of the era of the founding fathers, no doubt will remain to be written.

Professor Mitchell's work is far more securely based on research in primary Hamilton materials than any of its predecessors. Yet while Mitchell is pains-

takingly revisionist on numerous episodes, his general approach to Hamilton is impeccably conventional, even to the point of being contradictory on significant issues.

The illegitimate West Indian boy burned with ambition, and as Mitchell notes, craved a war to advance his career. Yet, according to Mitchell, Hamilton embraced the revolutionary side in 1774, at the tender age of nineteen, "because, paradoxically, of his attachment to law, especially as law defined civil rights. . . . This may be called his one dogma, yet he cleaved to it not so much whether-or-no, as because he considered maintenance of it necessary to render society happy and effective." Paradoxically (scholars might well beware of paradoxes), Mitchell records considerably later how Hamilton entertained the idea of using the army "to prevail upon the States to enter into our views" on the need for a firm national government, and, on other occasions, to "coerce Congress" itself to adopt plans for national taxation by which the soldiers might be paid and creditors relieved.

Mitchell says Hamilton only "momentarily . . . indulge[d] the notion" of employing the army in civic affairs. Yet he offers evidence of the persistence of this idea toward the end of the Revolution, and even looks ahead (in the volume to come) to the Whisky Insurrection of 1794 when Hamilton did leap to the use of troops to collect federal excises. In the wartime instances, it seems, only Washington's horror at his youthful aide's bellicosity quashed the idea of a change of government effected by force. One will look forward with interest to Professor Mitchell's discussion of the relation of Hamilton and Washington in 1794.

Faithful to his documentation, Professor Mitchell shows Hamilton sometimes in favor of enlarging the role of the "people" in government, and at other times in favor of constricting that role; sometimes in favor of a short term for the president, and at other times in favor of a president elected for life; sometimes in favor of reducing the states to impotency and even rearranging the boundaries of the larger ones to diminish their pretensions, and at other times acknowledging their traditions and value; sometimes in favor of republicanism, and at other times embracing monarchy. Yet faithful also to convention, Mitchell frequently writes as though these different attitudes were at least of equal weight, and when he chooses among them it is often to stress Hamilton's "liberal" side: Hamilton's "proposal of what amounted to a permanent president . . . was not his 'final opinion,' which 'was against an Executive during good behaviour' and favored one with 'no greater duration than for three years'" — "actually a shorter term," Mitchell goes to the trouble to point out, "than the Constitution provided." This we read on pages 394 and 398. Yet on page 401 we read the provision in "Hamilton's formal draft of a constitution after all the evidence developed by the Philadelphia convention was in," that "The President would hold his place during good behaviour, be removable only by conviction on impeachment for crime and misdemeanor. He could prorogue or adjourn the legislature and had an absolute negative on all bills." For good measure (p. 402), "The chief executive of each state was to be *appointed* [reviewer's emphasis] 'under the authority of the United States' and have a veto on all legislation in his state."

Hamilton was scarcely ambivalent in character. On the contrary, he was extraordinarily clear minded, marvelously so for one so ardent. But he was

perfectly capable of taking a stance for political advantage. More important, he had the honesty to change his mind in the face of evidence. At least during the period covered in Professor Mitchell's first volume, Hamilton's awareness of his youthfulness and precocity rarely left him. Of course, he never learned to suffer fools gladly, no matter what their age or experience. Yet he knew how much he himself had to learn and he applied himself zealously to the problems of war and peace of his adopted land, his newborn country. Few men, whatever their protestations of democratic leanings, so complimented the "people" by appealing to their reason as he applied his own. The *Federalist*, one of the greatest of all political writings and peculiarly Hamilton's, though he had the collaboration of Madison and Jay, was an appeal to all who could read and ponder, and to illiterates, even, who might be read to and understand. New York State stood two to one against the Constitution when ratification first was called for. Hamilton was perfectly aware that reasoned argument alone would not reverse the alignment or even win the new form of government majority support. Yet he gave all his available time to preparing the *Federalist* papers and to keeping them at the highest level of argument and exposition: to marshal "sensible and popular writings" on behalf of the instrument he favored, though only as the alternative to something worse. In this sense he believed in the "people," though he saw no grounds for believing that such people as he appealed to could be more than a small number — an aristocracy of talent in which such as he might rightfully claim a place. "Demagogues," he said, "are not always *inconsiderable* persons [Hamilton's emphasis] — Patricians were frequently demagogues." His position was that aristocrats like himself could withstand demagoguery no matter what its class origins.

By leaning and by taste Hamilton was aristocratical, monarchical, a devotee of the codes of public service and personal honor, as these things went in the 13 commonwealths on the rim of the universe bereft even of the representatives of the British ruling class and their own high-born Tories. In few other countries could one of Hamilton's tarnished background and sketchy upbringing have indulged such leanings and such tastes. In America his opportunities were as great as his ambitions — and these knew no ceiling. The major disappointment in Professor Mitchell's work so far is his failure to take the measure either of Hamilton's chosen environment or of the man himself. Mitchell writes as though the United States took the course — the mercantilist course — to greatness that Hamilton had foreseen and striven toward, as though Hamilton himself became a grand success, a veritable Washington. Indeed, the reader often has to remind himself — the author is no help here — that the opposition to Hamilton's program was not simply a contemptible "faction," that the men aligned against him and his objectives were not simply "obstructionists" and worse. Perhaps, in his second volume, Professor Mitchell will tell us how, even before Hamilton's tragic (perhaps invited) death in 1804, the United States had indeed taken the course of his opponents, and how Hamilton himself, perhaps never having quite attained the full maturity of manhood, when deprived of the emotional props provided by such seniors as Washington and Robert Morris, muddled his public as well as his private life.

Fairly early in his book (p. 93), Professor Mitchell makes the following rather remarkable observation:

If English statesmen were made on the playing fields of Eton, many in America

were taught on the battlefields of the Revolution. . . . Washington himself, . . . Knox, Boudinot, Pickering, and peculiarly Hamilton. It is dangerous to say that others, who served in civil instead of military capacities during the war, profited less from experience of the times or made contributions, then and afterward, in any wise inferior. We think immediately of Madison, Jefferson, Jay, Franklin, the Adamases, Wilson, Gouverneur Morris and so many more. Yet for the military men who continued ministers of state and legislators there remained a claim of parenthood which deepened their commitment.

"Commitment" to what, one is tempted to ask? For "deepened," one is tempted to write "warped." Professor Mitchell is quite aware of the central struggle in the founding fathers' America: that between the nationalist phalanx and the men of power in the separate states (not, as he keeps abundantly clear, to his credit, between the nationalist and the "people"). Yet to demean the state-power group, to which, after all, the majority of Americans did adhere, as against the nationalists (read, in Mitchell's lexicon, "idealists"), is simply to blind oneself to the ambitions for power among the nationalists themselves. To justify these ambitions on the grounds of military participation, to sanction, as Hamilton did, but as Washington conspicuously did not, the quest for national (read, in Mitchell, "selfless") power by the use of force, is only to bare the fatal taint which Mitchell would fain keep covered.

The "end" of national unity did not justify the "means" of force to attain it. Their recognition of this principle scarcely diminishes the "commitment" to union made by Franklin before Hamilton was born, and by Madison and John Adams before the future Secretary of the Treasury ever set foot on American soil. At the same time, the commitment of Jefferson, and George Clinton and other states' rights leaders, to the revolution and independence was in no way diluted by their opposition to the centralization of power. Hamilton's "commitment" might, in the context of eighteenth-century America, be seen rather as an obsession. Political power was *not* centralized in America for considerably more than a century, yet the nation's growth was a phenomenon of the world. Political participation was ever widened as the century of growth developed, yet except for the Civil War, which democratic politics had little to do with (I am aware of Professor Nichols' thesis to the contrary), the stability of American government, the peacefulness of American development, were also marvels to beleaguered statesmen abroad.

Hamilton was neither the savior of the American Revolution nor the architect of America's rise to world power. That is not to say that his role in both was not a great one nor that the history of the United States would not be different had Hamilton not lived. Professor Mitchell's fault (the conventional ones among Hamilton's biographers) is that he claims too much. Worse, he slights elements in his subject's character which hastened his eclipse. Worse still, he altogether ignores aspects of American history which veritably define Hamilton's century and the century that followed. Nowhere, for example, is the Declaration of Independence mentioned. One is left to suppose that the Revolution began suddenly with the arrival of the West Indian boy in New York. Likewise, the role of the West in the war itself is omitted entirely — though others have at least suggested that the discouragement in combating frontier tactics was a major element in sapping Britain's will to continue the fight.

These are crucial faults in a work also marred by relatively minor ones, such as futile conjectures about Hamilton's conduct on numerous occasions,

especially in his early life in America for which evidence is scant; and a tendency to drag in the kitchen sink with paragraphs which begin (p. 55), "Because Hamilton later was obliged to make many mathematical calculations. . . Robert Harpur [his mathematics instructor] holds special interest for us." A paragraph devoted to Harpur ensues (this is one among numerous examples), but the "special interest" fails to develop.

It is perhaps ungracious to write so critically about a volume that, despite its limitations, outdistances its competitors in its scholarship and indeed is at least the equal of most of them in understanding. Yet because Mitchell's grasp of Hamilton's times, and of the subsequent history of the United States, is so slender, his portrait of Hamilton remains partial and awry.

WILLIAM MILLER

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Samuel Gompers — American Statesman. By Florence Calvert Thorne. New York, Philosophical Library, 1957. Pp. xi + 175. \$3.75.

This book is an outline of the principles and precepts of trade unionism that Samuel Gompers built into the organization and program of the American Federation of Labor and is written by a woman who worked closely with him for a dozen years.

According to her Foreword, Miss Thorne first met Gompers in 1910 in the course of research for a seminar in trade unionism under Professor Robert F. Hoxie at the University of Chicago. She carried on her project thereafter with access to the AFL files and frequent talks with the man himself. From 1912 until he died in 1924, she served him as an editorial and research assistant and worked with him in the writing of his autobiography, *Seventy Years of Life and Labor*, to which she contributed an epilogue after his death. Out of this association came a feeling of obligation to report her observations. The question arises: why so long an interval before this book's appearance, but a fresh statement of the historical purposes and methods of American unionism is not untimely now when an altered environment and changing attitudes prevail.

The book contains little that is new concerning Gompers' labor philosophy. Plentiful and well-chosen quotations from his writings and speeches, however, give the force of his own words undiluted by an intermediary. The reader can assess for himself the style and rounded sentences that earned for Gompers his reputation as a maker of phrases. The author emphasizes Gompers' well-known doctrines: "voluntarism" in unions — the exercise of freedom in organization, decision and policy formulation by discussion and agreement rather than by edict of union officials; "pure and simple" trade unionism — organization to exert economic power for practical benefits to workers without recourse to social reforms; his rejection of Socialism, and his insistence that unions should not step into politics with their own party but should rather throw their weight to "reward their friends and punish their enemies." His attitude toward more specific questions, such as jurisdictional disputes and sympathetic strikes, is also stated and documented by quotations.

Miss Thorne's bibliography shows that she had access to AFL correspondence and to Gompers' private papers, now on deposit in the Astor Library, New York. With the possible exception of some speeches, however, her excerpts are

from published sources, chiefly AFL convention proceedings and reports and the *American Federationist*, the AFL magazine that Gompers edited. The book is not indexed, but brief chapters with specific headings serve as a guide to the reader.

As a compilation of the aims and beliefs that so largely shaped America's labor movement up to 1925, the book has value. Miss Thorne has occasionally suggested contrasts with current trends, but in general such comparison is left to the reader.

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Robert Oliver, Merchant of Baltimore, 1783-1819. By Stuart Weems Bruchey. Baltimore, The Johns Hopkins Press, 1956. Pp. 411. \$5.00.

This book, one of The Johns Hopkins University Studies in Historical and Political Science, is business history but not the complete history of a business firm. The author's purpose is to show how Robert Oliver, a merchant in Baltimore from 1783 to 1834, made money as an exporter and importer to about 1810, and this Bruchey does carefully and often year-by-year and shipment-by-shipment.

Oliver came to Baltimore from the north of Ireland in 1783 at the age of twenty-six. He formed at once a brief partnership with a man named Simm and from their operations accumulated a capital of about £1,000. During a partnership with Hugh Thompson, lasting from 1785 to 1796, Oliver increased his capital to £60,000; and finally, partnership with his two younger brothers, John and Thomas (which continued after the death of Thomas in 1803 as the firm of Robert & John Oliver) brought him a fortune of over a million dollars.

Most businessmen feel that they are striving to make profits when the times are out of joint; but events in the time of Oliver's business career certainly justified his feeling that conditions were unusually difficult. He became a merchant just after the American Revolution in a period when "speculative purchases, far beyond the immediate needs of the people, or of their ability to pay for" led to a depression in trade. Although there were profits to be gained from neutral trade during the wars of the French Revolutionary and Napoleonic periods, there were also Embargo and Non-Intercourse acts to contend with. Oliver's mercantile transactions are presented with all these and other factors as influencing background.

As a neutral in time of war, Oliver's gains far outweighed his losses; but he made the largest part of his fortune in trade with Vera Cruz. This interesting and profitable story of shipment of goods to and specie from Vera Cruz, at times under monopoly conditions, 1805-1808, and resulting in a profit of about three-quarters of a million dollars to the Olivers, is told in detail.

Mr. Bruchey has based his work on a careful study of the firm's account books and letter books. In one place he states that the accounts gave a record of profits and losses on various adventures, debts due and owed, and inventory, but concludes that this "information on past gains and losses" did not "help Oliver decide what goods to buy and where to ship them." Possibly the ship-owning merchant, concerned with the necessity of keeping his ships occupied, was constantly wavering between the prudent, conservative course of action

and the speculative to a far greater extent than did the freight-renting merchant who based his operations on the profit-and-loss figures.

This book presents a detailed story of the mercantile aspects of Robert Oliver's business. We see the wholesaler purchasing domestic products for export and importing both the goods needed by retailers and West Indian and Far Eastern goods for home consumption and re-export. He is a sedentary merchant carrying on, from his countinghouse in the metropolitan center of Baltimore, the activities set forth by Prof. N. S. B. Gras: wholesaling, exporting, importing, transporting, storing, communicating, banking, and insuring. Oliver was one of many merchants engaged in the West Indian, Oriental, European, and Mediterranean trade. There is shown the typical web of foreign trade of a ship-owning merchant of the late eighteenth century with strands connecting Baltimore with such places as Batavia, St. Croix, Leghorn, London, Surinam, Marseilles, and Amsterdam.

There is presented much material of interest to the student of business on policies and practices, agents, commission business, adventures, methods of payment and insurance, ships and selection of captains, and securing price and market information. There are solutions of problems a business researcher meets in dealing with one-hundred-and-fifty-year-old accounts and business practices. The author's findings will be of help to others working in the period: on accommodation notes and pricing, for example.

Yes, this is business history; but it is not the complete history of the business of Robert Oliver. Mr. Bruchey states that the years from 1815 to 1834, when Oliver's income was increasingly derived from loans and securities, are beyond the limit of his study. A table of interest earned up to 1833 (p. 361) indicates that Oliver, as did many of his contemporaries, employed wealth accumulated in foreign trade to finance the growing economy at home by purchasing securities, lending money, and discounting commercial paper. This, as well as the foreign-trade study, is such an important part of Oliver's business and of the Baltimore money market that it is to be hoped Mr. Bruchey will some day round out the story of the contributions Robert Oliver made to the business history of Baltimore.

ELVA TOOKER

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The Savings Bank of Baltimore, 1818-1866: A Historical and Analytical Study.

By Peter L. Payne and Lance E. Davis. Baltimore, The Johns Hopkins Press, 1956. Pp. 188. \$4.00.

The mutual savings bank movement in the United States had its origins late in the second decade of the nineteenth century when savings banks were formed in Philadelphia, Boston, Baltimore, and New York. Each of these institutions had a broad sponsorship among public spirited capitalists, for the banks, like their predecessors in England and Scotland, were philanthropic in nature. They were intended to provide a safe and productive place of deposit for the industrious poor, with all income (beyond the very modest costs of doing business) being payable to the depositors.

The authors of this monograph have selected for study the early years of the Savings Bank of Baltimore, believing that its evolution through the period

of the Civil War is probably typical of the other early savings banks. For comparative purposes they have sought, when possible, to make use of the rather skimpy data on these other institutions. For the Savings Bank of Baltimore, they have relied principally on the minutes of its board of directors and of its investment committee and on the bank's ledgers.

As the Savings Bank caught on in Baltimore, probably beyond the fondest hopes of its founders, the burdens of management became too great for the casual attention of "amateurs." By 1827 the president had been granted a nominal salary, and in succeeding years a staff of paid officers was gradually built up. The directors, whose services remained unpaid, continued to function as policy-makers, but they had less and less to do with management. What had been a feasible arrangement when the bank numbered its depositors in hundreds and its deposits at less than \$200,000 was no longer feasible as the number of depositors grew toward 23,000 and deposits to more than \$6,000,000 by 1866. In the process, the bank all but lost its charitable coloration, though it still found its depositors primarily among the working class.

Payne and Davis have used the bank's ample statistical data to establish seasonal and cyclical patterns to intensive study. They have found that their "Baltimore savings cycles" reflect the national business cycles only imperfectly, a fact they attribute to regional economic conditions and to possible non-economic factors playing upon the depositors. The authors have also dealt luminously with the effect of the several pre-Civil War panics on the bank and its management.

Probably of greatest interest is the authors' detailed analysis of the bank's changing investment pattern. Starting with a small body of deposits and limited investment opportunities, the directors placed the bank's money in commercial banks, in bonds of the United States government or of the city of Baltimore, and, to a lesser extent, in stocks of Baltimore banks. As the volume of deposits grew, within a few years the Savings Bank was investing the bulk of its money in collateral loans and in mortgages. These continued to be the usual main channels of investment until the bank plunged heavily into government bonds during the Civil War. The bank also early began to purchase bonds of the state of Maryland. As the management of the bank developed a keener awareness of the opportunities offered by securities and the advantages of diversification, it increased the range of acceptable investments. By 1840 the Savings Bank was investing to some degree in bonds of local railroads and utilities and in another decade in the bonds of cities and states outside Maryland. In its investment policies the bank was remarkably successful; its earnings were consistently near 6 per cent, and it suffered few losses.

The authors found, without surprise, that most of the loans made by the Savings Bank were to the merchant group who were so largely responsible for its founding. More surprising, in view of the commercial character of Baltimore, were the loans to industry. By 1855, they comprised nearly 10 per cent of all private loans. In the course of a few decades an institution that had started as a charitable gesture to Baltimore's poor had become a substantial contributor to the economic development of the community.

It is unfortunate that the authors did not have a greater body of sources (e.g., the business correspondence of Archibald Stirling, treasurer from 1832 to 1854 and president thereafter until 1888) to flesh out the bare bones of

minutes and ledgers. Court records, too, might have supplied some useful additional information. The authors, nonetheless, have used skillfully and exhaustively the data at their command. Their monograph throughout is thoughtfully and well written, and it is illuminated by numerous tables and charts. It makes a useful contribution to the economic history of Baltimore and a worthwhile addition to the slender literature dealing with institutional investors in the period prior to the end of the Civil War.

GERALD T. WHITE

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Remington Arms in American History. By Alden Hatch. New York, Rinehart & Company, 1956. Pp. 359. \$6.50.

Remington Arms in American History is of interest to several distinct groups of readers, among whom are sportsmen, students of business history, and chroniclers of the two twentieth-century world wars. Those who are interested in the development of mass production will find chapters on how its methods were applied to the manufacture of a peacetime product that does not meet the usual tests for large-scale production methods. Students of labor relations will find threads woven through the story that reveal why the Remington Arms Company has not had a strike in its first one-hundred-and-forty years of operation. The importance of the entrepreneur as a risk-bearer and of management in making decisions is exemplified vividly in tracing the development of Remington Arms.

Manufacture of the typewriter was given up after less than twenty years of successful production. At the time of a financial crisis in 1886, the sum of \$186,000 looked better to Philo Remington than continued production of the typewriter. At other times efforts were made to manufacture farm machinery, sewing machines, and cash registers. All of these products were mechanically efficient, but through faulty salesmanship or failure to locate near the market, losses piled up more rapidly than profits. Not many persons are aware of the fact that a fire engine, a cotton gin, a steam trolley car, a dynamo and other heavy electrical equipment have all borne the name of Remington.

Eliphalet Remington's first rifle was made entirely by hand in his blacksmith shop. For reaming and rifling the core, Lite, as he was called, walked to Utica, a three days' journey from Crane's Corner. Records are not entirely clear, but it probably took a week to make one rifle, a vivid contrast to the record of 2,000 rifles per day made during 1915 and referred to later on in this review. During the first quarter of the nineteenth century, and even later, a rifle entered into the life and living of every settler in the West. In addition to protection it afforded from the Indian, it was used in the hunt for food and in sport. In the days before roulette and other organized games of chance, many a dollar changed hands on the basis of a little hole in a piece of paper. Men took pride in their marksmanship which was perfected and also tested in their hours of leisure.

A pattern was set in 1861 in scheduling production to war needs that was repeated in 1914 and again in 1940. Ammunition, in the form of cartridges and bullets, was produced by Remington, and in order to have dependable cartridge shells, the plant was expanded to produce them. Remington designers

were capable of meeting the needs of the military for arms and equipment. To single out a few instances is to emphasize one of the causes of the success of the product as well as of the company.

Through all of the stresses and strains of meeting war production schedules, quality was never sacrificed for quantity. In the emergency of the 1860's, 18,000 Maynard percussion locks were built and installed on old flintlock muskets of 1842. In 1914, not only did England want 2,000,000 Enfield rifles when production was 500 rifles per day, but it wanted them of .303 caliber instead of .276 caliber. By January 1, 1916, Remington engineers were to provide the 3,895 machines, 5,905 fixtures, 7,000 tools and 3,415 gauges needed to produce 2,000 guns a day and they did it by October, 1915, only one year after the contract was signed.

How the crisis of 1940 was met in increasing the output of ammunition is one of the sagas of American history. At that time there were in the Remington organization only 360 men, including skilled workers, who had had any experience in the manufacture of military ammunition. To meet the requirements of the approaching world crisis, a new plant was constructed at Lake City, Missouri, 26 miles distant from Kansas City. Four hundred and eighty suppliers, called "trained vendors" were called upon to supply over \$50 million worth of machine tools, gauges and other equipment. At the peak of activity, the Lake City plant occupied 38,000 acres and had 25 miles of road connecting 236 buildings; 11 miles of railroad track, and parking space for 5,000 automobiles belonging to its 21,000 employees. It had its own hospital, fire and police departments.

The original plans called for a daily output of 2,000,000 caliber .30 cartridges and 640,000 of caliber .50. This output was stepped up to meet the demands of Ordnance until the amazing figure of 8,900,000 cartridges was produced per day. Similar stories could be told of the developments at other places, among them Bridgeport, Denver, and Lowell.

While there is no documentation, it is presumed that Alden Hatch had access to the records of Remington Arms Company. There is an appendix of 44 pages in which are found illustrations, descriptions, and dates of manufacture of Remington firearms from 1816 to date. Another appendix lists the succession of presidents and the members of the Boards of Directors for several years since 1933, when Remington became a financial subsidiary of du Pont.

Mechanically, the book could have been improved and made more useful by the inclusion of an index.

FRANK W. TUTTLE

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The American Bankers Association: Its Past and Present. By Wilbert M. Schneider. Washington, D. C., Public Affairs Press, 1956. Pp. 275. \$5.00.

The United States is a nation rich in the number of diversity of organizational devices. Since the Civil War, the proliferation of voluntary associations of all descriptions, such as corporations and trade associations, to meet the essential needs of the economy was in part a reaction against excessive individualism and the cutthroat competition it brought in its wake. Factors which accelerated this rapid organizational growth included technical advances in society and the

growth of a national market. This significant expansion Kenneth H. Boulding terms the organizational revolution. The power of organizations has been so encompassing and all-pervasive that William H. Whyte, Jr.'s "organization man" is now urged to resist the organization, although not in a self-destructive manner, in a quest for a new individualism. The wheel has apparently turned full circle.

Banks and bankers have played a significant role in the organizational revolution. Through their trade association, the American Bankers Association, which as of August 31, 1954, represented over 98 per cent of the nation's banks and over 99 per cent of the banking reserves of the country, American bankers have banded together to achieve common aims and to protect their interests. Dean Wilbert M. Schneider, professor of business administration at Emmanuel Missionary College, summarizes well the chief aims of the group (p. 269):

There are four fundamental objectives upon which the Administration has concentrated its efforts, and which have been largely responsible for the respect shown the organization both nationally and internationally: (1) Foremost among the Association's objectives is its educational program. To provide an aegis against the ill effects of cyclical upheavals and to give the public improved banking service is the Association's basic purpose in its educational program: (2) Its aims in influencing legislation are twofold: First, to give the country banking laws that will largely remove any obstacles to the free flow of the services and products of commerce, industry, and finance; second, to protect the cadre of democracy by deflecting legislation inimical to private enterprise: (3) The program of public education also has a twofold purpose: to fortify the listener and reader against doctrines attempting to destroy the bulwark of democracy — private enterprise, and to disseminate information concerning the real nature, purpose, and place of banking in the world today. (4) To develop a spirit of fraternalism among its membership has been the aim of the Association. . . .

The ABA's educational program for the banking profession is a model to be followed by other trade associations. Here is a group which realizes that a profession can be uplifted and directed into useful and constructive channels by opportunities given to its personnel for educational study and research. Its Graduate School of Banking conducted at Rutgers University has achieved a high reputation for the caliber of both its students and its research studies.

The author is at his best in tracing the evolution of the internal structure and sketching the day-to-day operations of the ABA. There is a detailed and competent analysis of the committees, commissions, divisions, and other administrative organs of the Association. Allowed full access to the files of the ABA, Dean Schneider has made good use of the opportunity afforded him. The volume is a rich source of information on the body in action.

There is a general tendency among historians of trade associations to be apologetic about or to minimize the extent of the lobbying operations of these organizations. In refreshing contrast, this volume presents a frank discussion of the significant lobbying operations of the ABA. The attempts to influence legislation on the federal, state, and municipal level are a legitimate and, if properly conducted, a beneficent aspect of any trade association. It is understandable that a trade association should act to protect the interests of its members, although this does not condone unscrupulous or antisocial lobbying pro-

cedures or tactics. The ABA's lobbying activities, on the whole, have been of value to legislative bodies. In this connection, the group has conducted research of a high caliber, which has been helpful to legislative bodies in the consideration of proposed legislation.

The growth of social-mindedness on the part of American bankers, a process in which the ABA has played a leading role, is, of course, a development which has been paralleled in almost every other sector of American business. The concept of trusteeship was especially fostered by the participation of the United States in two world wars and by the strained international situation and economic problems flowing from these conflicts. The Great Depression commencing in October, 1929, also promoted the new social-minded look among the banking fraternity, especially after the failure of banks on a large scale and the enactment of New Deal legislation led to an agonizing reappraisal, so to speak, of the role and functions of American banking. Whatever the reasons may be, the ABA has realized for some time that American bankers cannot divorce themselves from the social and economic issues which affect the entire economy. How this realization has been implemented occupies a sizable portion of the volume.

The Association has played a significant role in influencing the development of sound banking practices in the United States. Among the subjects that the author emphasizes in this connection are the evolution of state banking codes, the history of federal banking legislation, especially the Federal Reserve Act of 1913, and the development of insurance protection. The ABA was active in all of these areas.

Dean Schneider attributes the formation of the Association in 1875 primarily to the Panic of 1873. He is not specific enough, however, in his analysis of the factors which led to the formation of the group. Trade abuses, especially in periods of depression, and the incompetence and maladministration of officers and directors resulting in the failure of many banks, undoubtedly created public ill will and animosity against the banking profession in general. The more far-sighted among the bankers would have realized the value of a trade association in helping to regain the goodwill of the public. The author fails to discuss or analyze these historical developments. He does, however, refer to another important factor in the formation of the ABA. This was the desire to influence legislation, especially on the federal level. Bankers were generally opposed to the special taxes on banking levied during the period of the Civil War, which were still in force when the ABA was formed in 1875.

Undoubtedly reflecting the views of the leaders of the ABA, Dean Schneider seems to be animated by a deep-rooted fear of progressive governmental encroachments upon the sphere of private, chartered banking and of private enterprise in general. Not a few times such expressions of apprehension over governmental activities as the following appear: "Should the government continue its serious invasion of business, some believe that totalitarianism may pluck up the last vestiges of a free economy." (P. 157.) The government is frequently portrayed as a dangerous competitor. The Association is pictured as a body struggling to rescue American business from the allurements, blandishments, and enticements of governmental aids and services. Chartered banking, according to the author, is the tried and trusted friend of all business, especially small business, which needs protection from the big, bad governmental wolf.

This does not imply, of course, that the ABA has failed to cooperate with governmental regulatory bodies in various essential tasks, especially in periods of war. Such cooperation has been unstinted and wholehearted. Nevertheless, there is a genuine fear in ABA circles of the extension of governmental power over banking in particular and over private enterprise in general. Time alone can tell whether this apprehension is justified, but at this point it seems quite unwarranted by the actual course of events.

The author has dug deeply and come up with rich ore. In this reviewer's opinion the volume is one of the most comprehensive analyses published thus far of the organizational structure of a major American trade association. On this score, it can serve as a useful model for the trade association historian. This history of the ABA is of value in demonstrating that any analysis of the forces shaping American history cannot be considered complete if it fails to include an account of the development of various organizational devices that have played such a major role in the economic history of the United States.

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